

1.0 SCOPE OF WORK

Commonwealth Energy Advisors, Inc. ("CEA") is pleased to provide its response to Boston Edison Company's, Commonwealth Electric Company's and Cambridge Electric Light Company's (collectively, "NSTAR Electric's" or the "Company's") Request for Proposals ("RFP") #695, which solicits proposals from qualified service providers to perform energy auction services. CEA has endeavored to ensure that its proposal conforms to the requirements of the RFP. In particular, this response is organized according to the format specified in RFP #695, and includes separate sections addressing technical and commercial issues, and all requirements noted in RFP #695. This response also provides a firm fixed monthly rate for work on the various services required, these tasks are broken down by the services identified in the Company's plan (see Section 3.1, Pricing). Where there is overlap in sections of CEA's response, such overlap is clearly noted (e.g., by reference to other sections of the response).

We have reviewed the Company's RFP and Power Purchase Agreement ("PPA") Divestiture Workplan (the "Plan"). CEA understands that the PPA divestiture process is a continuation of NSTAR Electric's restructuring process, in compliance with legislation as well as energy/regulatory policies. Based on the documentation, as well as our experience and involvement in Massachusetts regulatory and Company matters, we understand the Company's Scope to include the administration of an auction of the rights to certain NSTAR Electric PPAs and to provide related services, including:

- Analysis and Summary of Contracts, Both Written and Quantitative
- Review of Valuation Issues and Risk Tolerances for NSTAR Electric
- Development of Marketing Plan and Bidding Process
- Development of Offering Materials and Due Diligence Support, Including Modeling of PPAs
- Development of Transaction Terms, Both Commercial and Contractual
- Contract Documentation and Offering Materials Disseminated to Bidders
- Manage Bidder Due Diligence
- Evaluate Bids, Develop Short List and Support Contract Negotiations
- Regulatory and Closing Support, Includes Providing Summary Report on the Solicitation Process and Final Results and Providing Supporting Testimony Regarding Auction in Regulatory Proceedings

CEA further understands that it is the Company's intent to begin work on the PPA divestiture process no later than September 1, 2003 and to complete the process no later than December 31, 2003. A detailed description of CEA's proposed auction process and schedule is provided in Section 4.1, below. Please note that CEA has proposed a timeline which anticipates starting sooner than September 1, 2003 which would be CEA's preference. However, the proposed schedule can be compressed in the event that NSTAR Electric is not able to have CEA begin at an earlier date.

CEA welcomes the opportunity to submit this proposal and will be pleased to respond to any questions the Company may have.

RFP #695 – Energy Auction Services

FORM B

 **COPY**

VENDOR BID PROPOSAL FORM
(COVER SHEET)

NAME OF VENDOR: Commonwealth Energy Advisors, Inc.

ADDRESS: 313 Boston Post Road West, Suite 210

Marlborough, MA 01752

NAME OF AUTHORIZED REPRESENTATIVE: Robert B. Hevert

TITLE OF ABOVE: President

PHONE NUMBER OF THE ABOVE: (508) 263-6204

FAX NUMBER OF THE ABOVE: (508) 303-3290

EMAIL ADDRESS OF THE ABOVE: bhevert@ceadvisors.com

Direction: This sheet must be the first page of all submittals. The remainder of the proposal must follow the following format with no exceptions. Additional sections may be added at the Vendor's discretion.

TABLE OF CONTENTS OF PROPOSAL

<u>SECTION</u>	<u>DESCRIPTION</u>
1.0	General Scope
2.0	Exceptions - Any and All
3.0	Commercial Proposal
4.0	Technical Proposal
5.0	Execution of Proposal by Officer of Vendor
6.0	Other Information
7.0	Attachments

Proposal Prepared by:

Robert B. Hevert 
Signed

Typed Robert B. Hevert

Title President

Date July 22, 2003

2.0 EXCEPTIONS – COMMERCIAL/TECHNICAL

CEA has appropriate levels of insurance for the services it provides. However some levels vary from those identified in Section 6 to the Consulting Services Agreement. CEA proposes the following changes to that Section.

Section 6.4 - CEA notes that its limits for Professional Liability Insurance are \$1,000,000 per claim with an annual aggregate cap of \$1,000,000.

Section 6.5 - Change Heading to refer to General Aggregate insurance with a limit of \$2,000,000.

Section 6.6 - CEA proposes to strike and notes that CEA will not be using NSTAR equipment for its work on this project.

Section 6.7 - With conforming changes to reflect above mentioned edits, CEA will add NSTAR as an additional insured if CEA is awarded the project.

CEA would also like to modify the language in the contract under paragraph 25.0 of the contract so that CEA, if it is awarded this assignment could so indicate in the future. With this modification, CEA is willing to execute NSTAR's Consulting Services Agreement.

CEA acknowledges the Company's invoicing requirements, including the Company's intent to pay all undisputed invoices within twenty-seven days of receipt of such invoice.



ONE NSTAR WAY, SE 250
WESTWOOD, MA 02090

CONSULTING SERVICES AGREEMENT

by

NSTAR ELECTRIC AND GAS CORPORATION

and

Updated 01/22/02

CONSULTING SERVICES AGREEMENT

TABLE OF CONTENTS

<u>Section</u>	<u>Description</u>	<u>Page</u>
	Preface	ii
1.0	Scope of Services	1
2.0	Compensation and Payment	1
3.0	Calculations, Drawings, Plans and Specifications	3
4.0	Professional Responsibilities	3
5.0	Indemnification	4
6.0	Insurance	4
7.0	Assignment	5
8.0	Subcontracting	5
9.0	Termination	5
10.0	Notice of Completion and Acceptance	6
11.0	Severability	6
12.0	Arbitration	6
13.0	Law Controlling	6
14.0	Liens and Attachments	6
15.0	Taxes, Insurance, Premiums	6
16.0	Amendments	6
17.0	Equal Opportunity Clause	7
18.0	Order of Precedence	7
19.0	Conformity with Company's Practices and Procedures	7
20.0	Nonwaiver	7
21.0	Entire Agreement	7
22.0	Term of Agreement	7
23.0	Notices and Correspondence	7
24.0	Confidentiality	8
25.0	Prohibition on Publicity	8
26.0	Gifts, Gratuities and Conflicts of Interest	8
Appendix A	Schedule of Rates	9
Appendix B	Sample Invoice	10
Attachment #1	Notice of Completion	11

CONSULTING SERVICES AGREEMENT

THIS CONSULTING SERVICES AGREEMENT is entered into effective _____, between NSTAR Electric & Gas Corporation, its present and future Affiliates (Company), a Massachusetts corporation with a principal place of business at One NSTAR Way, Westwood, MA 02090 and _____ (Supplier) a _____ Corporation with a principal place of business at _____.

1.0 SCOPE OF SERVICES

Supplier agrees to perform for the Company services as may be requested from time to time by the Company. In the event that the Company shall desire any such Services ("Services"), then the Services desired, their cost, and the milestones for performance and payment will be more particularly described in a Contract or Contract Release (Contract) issued by the Company. "Contract" means the document issued by the Company awarding the work to the Contractor, describing generally the work to be performed by the Contractor, the time for commencement and completion of the work, and the amounts and manner of payment to the Contractor for the work. "Contract Release", as appropriate, is a document issued by the Company implementing a scope of work made under a blanket master Contract. Such Contract shall specifically refer to this Agreement and shall also indicate whether reimbursement is to be made on a Fixed Price (Section 2.1) or Recoverable Cost (Section 2.2) basis. Supplier shall indicate its acceptance by having each Contract signed by an authorized representative of the Supplier and returning it to the Company. No work is to be performed without a fully-executed Agreement and applicable Contract.

The Company shall designate, when necessary, a representative authorized to act on its behalf with respect to technical matters on each assignment who will furnish information for the Supplier.

This Agreement is not exclusive, and nothing herein shall be deemed to prevent the Company from engaging other suppliers to perform such Services or from performing such Services using its own employees.

2.0 COMPENSATION AND PAYMENT

The Contract shall specify whether Services are to be provided on a Fixed Price or Recoverable Cost basis.

2.1 Contracts on Fixed Price Basis

- 2.1.1 For performance of the Services described in each Contract, Company shall pay Supplier the Fixed Price set forth in such Contract in accordance with the payment schedule set forth in the Contract.
- 2.1.2 At any time, in accordance with procedure agreed upon by the parties, Company may request changes in writing, for additions or deletions to the Services in each Contract. In the event of any such change, Supplier shall promptly prepare and submit to Company a statement of the increase or decrease in cost, if any, to the Services and shall also inform Company as to whether such change may result in an extension of time to complete the Services. An amendment to such Contract describing the change, the effect, if any, on the schedule and cost of the Services shall be promptly agreed to and signed by Company and Supplier.

2.2 Contracts on a Recoverable Cost Basis

Each Contract shall include an estimate of the charges to be paid to Supplier on a Recoverable Cost basis, and Supplier shall not incur costs exceeding such estimate without an executed amendment to the applicable Contract

2.2.1 Recoverable Costs

The Company shall reimburse Supplier for costs and expenses incurred by Supplier in the performance of the Services in accordance with rates established by Supplier and provided in Appendix A (attached) and the expense guidelines set forth herein. Recoverable costs and expenses include the following:

CONSULTING SERVICES AGREEMENT

2.2.1.1 Payroll and Related Personnel Costs

The hourly rates in Appendix A shall be fully loaded rates, including, but not limited to salaries (including vacation and holiday allowances), social and retirement benefits, all payroll taxes and all premiums for liability and property damage insurance, Workers' Compensation and Employer's Insurance and all insurance premiums measured by payroll costs, other benefits and contributions or taxes imposed by any applicable law or regulations, all overhead costs.

2.2.1.2 Other Costs and Rates

All expenses must be reasonable and directly associated with the delivery of the services. The supplier shall provide with each proposal an estimate of the expenses anticipated to be necessary to accomplish the scope of work authorized by the Company. In no circumstance shall such expenses exceed 15% of the costs incurred pursuant to 2.2.1.1 above.

NOTE: For local personnel, travel costs shall be limited to the difference in mileage from the Company required work location and the normal work location with no other allowances made.

2.2.1.2.1 The cost of all materials and supplies other than engineering supplies used or consumed in the performance of the Services. Engineering supplies used or consumed in the performance of the Services shall be included in Section 2.2.1.1.

2.2.1.2.2 All costs associated with models (including the cost of floor space occupied by models), reproduction of plans, specifications, reports and other data, at rates listed in Appendix "A".

2.2.1.2.3 Use of Data Processing computers, including related operator time, and use of standard programs at rates listed in Appendix "A".

2.2.2 Rate Stability & Volume Discount

Rates are to be fixed for a period of one year or for the duration of the Contract or Contract Release, whichever is longer. If both parties agree that extenuating circumstances warrant a modification to these rates prior to the time period described above, an amendment to this agreement or to the affected Contract or Contract Release shall be issued to incorporate the new rate(s).

When aggregate job hours accumulated under this Agreement for each calendar year exceeds the specified limits, the Billing Rate in Appendix "A" shall be adjusted as follows:

Annual Aggregate Job Hours

Discount

2.3 Invoicing

As soon as possible, after the end of each calendar month or completion of each payment milestone, in accordance with the agreed payment procedures, the Supplier shall submit an invoice, supported by copies of payroll abstracts, vouchers and other supporting documentation required by the Company. For reimbursable expenses, copies of all invoices, receipts, etc. for amounts greater than \$25 should be included, in accordance with Internal Revenue Service Guidelines. Final invoicing shall be rendered within 30 days of submitting the notice of completion, referred to in Section 10.0. The Company shall pay all undisputed invoices within thirty (30) days of receipt of such invoice. A sample invoice is included as Appendix "B" showing minimum data required to process an invoice.

CONSULTING SERVICES AGREEMENT

2.4 Examination of Accounts

The Supplier shall maintain, during the course of work, and retain, for not less than six (6) years after completion thereof, complete and accurate records of all of the Supplier's costs which are chargeable to the Company. The Company shall have the right at its expense, and upon notice to Supplier, at any time during ordinary business hours, to inspect and audit such records. The records to be maintained and retained by the Supplier shall include (without limitation): (a) payroll records accounting for the total-time distribution of the Supplier's employees working full or part time on the work (to permit tracing to payrolls and related tax returns) as well as canceled payroll checks or signed receipts for payroll payments in cash; (b) invoices and receipts for purchases, receiving and issuing documents, and all the other unit-inventory records for the Supplier's stores stock or capital items; and (c) paid invoices and canceled checks for materials purchased and for the subcontractors' and any other third parties' charges; (d) other documents and information relating to the achievement of performance or payment milestones, or deliverables.

3.0 CALCULATIONS, DRAWINGS, PLANS AND SPECIFICATIONS

All calculations, drawings, plans, specifications, reports and other deliverables developed by the Supplier under this Agreement, shall be the property of Company. All such calculations, drawings, plans, specifications, reports and other deliverables shall be delivered to Company in accordance with the schedule in the applicable attachments hereto and the Contract. The Company shall have access to work in process.

4.0 PROFESSIONAL RESPONSIBILITIES

4.1 General Responsibility and Warranty

Supplier assumes professional and technical responsibility for the performance of its services in connection with work assignments under this Agreement in accordance with best professional standards and practices and any additional guarantee or warranty offered in the applicable Contract. If, during the performance of Services or within three (3) years following completion thereof, such Services fail to meet the aforesaid standards or a defect is found, and Company notifies Supplier thereof in writing, Supplier shall promptly furnish remedial services and products necessary to correct such deficiencies.

4.2 Independent Contractor

It is the intent of this Agreement that the relationship of the Company and the Supplier be that of 'contracting party for services and independent contractor,' respectively.

4.3 OSHA Hazard Communication Standard

Supplier, prior to bringing hazardous chemicals or substances onto a Company facility and/or arranging for transportation of such chemicals or substances to a Company facility, shall notify Company management and provide the required MSDS for those items. Supplier is hereby notified that the Company has in place a Hazardous Communication Program in accordance with 29 CFR 1910.1200. This document is available for review and inspection by the Supplier or its representative.

4.4 Protection of Company Property

Supplier shall protect all Company property in its possession or utilized in the performance of the Services from any damage or loss. Company property destroyed, damaged, lost or stolen, except by act or omission of the Company, shall be replaced or repaired to the Company's satisfaction at Supplier's expense.

CONSULTING SERVICES AGREEMENT

4.5 Compliance With Laws

Supplier will comply with all applicable laws, ordinances, rules regulations, codes and orders of any public body having jurisdiction.

4.6 Removal Of Supplier's Employees

The Supplier agrees to use only experienced, responsible, and qualified personnel to perform the work and further agrees to follow Company policies and procedures during the course of the same. The Company may require that the Supplier remove from the project persons who do not satisfy the aforementioned requirements or endanger persons or property, or whose continued work is inconsistent with the successful completion of the Services.

5.0 INDEMNIFICATION

5.1 The Supplier shall be responsible for the proper execution and completion of the Services and shall take all necessary precautions for prevention of injury to persons or damage to property in, about, or in connection with the Services. The Supplier shall indemnify, defend and save harmless the Company, its officers, employees, agents and contractors from all claims for damage to property or person, including death, suffered by any persons (including Supplier, his employees, contractors or agents) to the extent caused by the Supplier or its employees, agents, contractors or invitees.

5.2 Supplier shall also indemnify, defend (with counsel acceptable to Company) and save harmless the Company, its officers, employees and agents from all actions, claims, costs, damages, expenses and liability whatsoever arising or resulting from allegations that the services or any products or deliverables provided by Supplier infringe on or violate any patent, trademark, copyright, trade secret or any other proprietary interest. If the Company is enjoined from the use of services on the basis of infringement, the Supplier shall, at its expense, and at the option of the Company, either (a) procure for the Company the right of continued use, (b) replace or modify the same to make them non-infringing, or (c) remove the same at no cost to the Company, and refund the purchase price and all associated costs.

6.0 INSURANCE

Without limiting any of the other obligations or liabilities of the Supplier, the Supplier shall provide and maintain at its own expense (including deductibles) the following minimum insurance coverages:

6.1 Worker's Compensation and Employer's Liability Insurance in statutory amounts, with a minimum coverage amount of \$500,000, to provide for payment to Supplier's employees employed on or in connection with the work covered by this Agreement and/or their dependents, of Workers' Compensation benefits including, when required, Occupational Disease benefits in accordance with applicable law (including, without limitations, the U. S. Longshoremen's and Harbor Workers' Compensation Act and the Jones Act).

6.2 Primary Comprehensive General Liability Insurance including Premises-Operations, Owners' and Contractors' Protective Liability and Completed Operations Insurance with combined single limit of \$1,000,000 each occurrence for bodily and/or personal injury, including death and property damage. This policy is to also include Broad Form Property Damage, Blanket Contractual Liability (including obligations assumed under the indemnity provisions of this contract) and XCU hazards. Underwriters shall waive all rights of recovery against the Company.

6.3 Primary Comprehensive Automobile Public Liability (including owned, nonowned and hired automotive equipment), used in connection with the Supplier's Services; with a combined single limit for bodily injury or death and property damage of \$1,000,000 per accident. This policy will also provide coverage for Automobile Comprehensive Fire and Theft, and Collision insurance. Underwriters shall waive all rights of recovery against the Company.

6.4 Professional Liability Insurance with limits as specified by the Company of \$1,000,000 per day with an annual aggregate cap of \$1,000,000. Such insurance shall provide coverage for claims brought against the Supplier during the performance of his Services.

CONSULTING SERVICES AGREEMENT

- 6.5 ~~Excess Liability~~ General Aggregate Insurance with a combined single limit for bodily injury and/or personal injury including death and property damage of \$10,000,000 ~~2,000,000~~ each occurrence excess of the above Primary Workers' Compensation/Employer's Liability, Primary Comprehensive General Liability and Primary Automobile Public Liability Insurance. Underwriters shall waive all rights of recovery against the Company.
- 6.6 ~~Insurance for the physical loss of or damage to equipment owned, leased, hired or borrowed by Supplier and utilized or operated by the Supplier for the work hereunder, covering up to a limit of \$3,000,000 for all such equipment, machinery and tools, (Excluding automotive equipment insured under Paragraph 6.3), for which the value of each item exceeds \$500. Underwriters shall to waive all rights of recovery against the Company.~~
- 6.7 Except as to Item 6.1, the Company shall be included as an additional named insured on all policies specified herein. The naming of the Company as an additional named insured shall not obligate the Company to pay any premium on the policies. Such insurance shall be primary insurance and shall contain a Severability of Interest clause with respect to each insured. The "Other Insurance" clause of such policies shall be modified, if necessary, to specify that any separate insurance maintained in force by the Company shall be considered excess insurance and shall not contribute with insurance extended by Supplier's and/or subcontractor's insurer(s) under this requirement.
- 6.8 Supplier shall, ten (10) days before commencing work under this Agreement and prior to expiration of any policy of insurance, deliver to NSTAR Electric & Gas Corporation, One NSTAR Way, Westwood, MA 02090 Attention: Procurement Director, three (3) copies of the Certificate(s) of Insurance completed by his insurance carrier or agent certifying that minimum insurance coverages as required above are in effect and will not be canceled or changed until thirty (30) days after written notice is given to the Company. The Supplier further agrees to deliver within ten (10) days of requests two copies of each of the above policies to the NSTAR Electric & Gas Corporation, One NSTAR Way, Westwood, MA 02090 Attention: Procurement Director, if so requested by the Company.

7.0 ASSIGNMENT

The Supplier shall not assign this Agreement, the services, nor any monies due or to become due hereunder without the advance written consent of the Company, which may be withheld at the Company's discretion.

8.0 SUBCONTRACTING

The Supplier shall not subcontract portions of the work without the prior written approval of the Company. Supplier hereby guarantees to the Company compliance by any such approved subcontractor (s) with the responsibilities and liabilities herein. The Supplier further agrees that the Company will not incur any duplicate costs as a result of such subcontracting.

9.0 TERMINATION

9.1 Termination for Default

The Company may terminate this Agreement or any Contract or Contract Release without prejudice to any other right or remedy Company may have, and without recourse against the Company, upon written notice to Supplier if: (1) Supplier should be adjudged bankrupt, (2) Supplier should make a general assignment for the benefit of his creditors or becomes insolvent, or (3) Supplier shall fail to comply with any of the provisions, commitments, schedules, covenants, specifications, instructions, and conditions of this Agreement or a Contract.

9.2 Termination for Convenience of the Company

The Company may terminate for convenience a Contract or Contract Release, in whole or in part by written notice to the Supplier. In such event, the Company shall make payment to the Supplier for those charges incurred prior to such termination that are recoverable pursuant to the terms hereof. This provision shall not be deemed to limit or otherwise affect the Company's right to terminate this Agreement or any Contract or Contract Release on account of the default of the Supplier.

CONSULTING SERVICES AGREEMENT

10.0 NOTICE OF COMPLETION AND ACCEPTANCE

Upon completion of the Services under each Contract Release, Supplier shall notify the Company in writing in the form of notice letter, Attachment #1, of the date of said completion, and request confirmation of same by Company. Upon receipt of said notice, Company shall confirm to Supplier in writing if the Services referred to in said notice were completed on the date indicated in said notice or provide Supplier with a written listing of the Services not completed. With respect to Services listed by Company as incomplete, Supplier shall promptly complete such Services and the above acceptance procedure shall be repeated.

11.0 SEVERABILITY

In the event that any of the provisions, or portions or application thereof, of this Agreement are held to be unenforceable or invalid by any court of competent jurisdiction, Company and Supplier shall negotiate an equitable adjustment in the provisions of this Agreement with a view toward effecting the purpose of this Agreement and the validity and enforceability of the remaining provisions, or portions or applications thereof, shall not be affected thereby.

12.0 ARBITRATION

Any controversy or claim arising out of or relating to this Agreement, which might be the subject of a personal action at law or of a suit in equity may by agreement of the parties be submitted to the decision of a majority of three arbitrators in accordance with the applicable rules then obtaining of the American Arbitration Association, including the selection of the arbitrators. The controversy shall be submitted to the arbitrators within a reasonable time thereafter. Hearings shall be held in Boston, Massachusetts. The arbitrators shall determine which party shall pay the cost of arbitration or the manner in which such cost shall be divided between the parties. The submission and enforcement of the award shall be governed by Massachusetts law. Pending the result of the arbitration the Supplier shall proceed with the work in accordance with the instructions of the Company.

13.0 LAW CONTROLLING

This Agreement is executed with reference to the laws of the Commonwealth of Massachusetts and the rights and liabilities of the parties and the construction and effect of every provision hereof shall be subject to and construed according to said laws. The courts of the Commonwealth of Massachusetts shall be the venue for resolving any dispute hereunder, unless the parties otherwise agree in writing.

14.0 LIENS AND ATTACHMENTS

The Supplier shall not place nor permit any lien or attachment to be placed upon any property of the Company. In the event that any such lien or attachment is imposed, Supplier shall immediately discharge the same at Supplier's expense. Until such lien or attachment is removed, no payment will be made for any claim hereunder.

15.0 TAXES, INSURANCE, PREMIUMS

All Massachusetts State Sales Tax on materials and equipment rentals or any other taxable items will be paid for directly by the Supplier and not the Company. Said Massachusetts State Sales Tax shall be included in all proposals submitted. If appropriate, Company shall provide applicable sales tax exemption certificates upon request.

The Supplier agrees to assume full responsibility with respect to the Services covered by this Agreement for the payment of any federal or state payroll taxes or contributions, for unemployment insurance, workmen's compensation, old age pensions, annuities, and the like, in conformity with applicable law, regulations and rules and to indemnify the Company for any liability therefore.

16.0 AMENDMENTS

CONSULTING SERVICES AGREEMENT

It is understood and agreed that amendments, when issued, shall be subject to all the terms, provisions and conditions of this Agreement and any applicable Contract.

17.0 EQUAL OPPORTUNITY CLAUSE

The terms and provisions of the Equal Opportunity Clause, Section 60-1.4 of Chapter 60 of Title 41 of the Code of Federal Regulations, regarding "Nondiscrimination in Employment by Government Contractors and Subcontractors", are incorporated by reference and made a part of this Agreement. Upon request, the Supplier shall supply the Company with a certificate demonstrating compliance with the foregoing.

18.0 ORDER OF PRECEDENCE

Should a conflict arise among the various documents which comprise the Agreement between the parties, the order of precedence shall be as follows:

- 18.1 The Contract and Subsequent Amendments
- 18.2 Any Addenda Specifically Referenced in the Contract
- 18.3 This Consulting Services Agreement
- 18.4 The Supplier's Technical Proposal

19.0 CONFORMITY WITH THE COMPANY'S PRACTICES AND PROCEDURES

Supplier agrees to comply with Company's standard practices and procedures regarding access to and activity performed at all the Company's facilities.

20.0 NONWAIVER

The Company's failure to insist on strict performance of any term, condition, or instruction, or to exercise any right or privilege here included or its waiver of any breach, shall not constitute a waiver of any failure in the future to observe such term, condition, instruction and/or any other right or privilege.

21.0 ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the parties hereto relating to the subject matter hereof, and supersedes any previous agreements or understandings. No preprinted terms and conditions contained in the Supplier's documents with respect to the Services shall be effective to modify or add to the terms and conditions which are contained in this Agreement unless agreed to in writing by both parties.

22.0 TERM OF AGREEMENT

This Agreement shall remain in force and effect from the effective date until the completion of the Services, unless earlier terminated in accordance with the terms hereof. This Agreement may be extended by mutual written agreement of the parties.

23.0 NOTICES AND CORRESPONDENCE

All notices and correspondence permitted or required to be given under this Agreement shall be in writing and shall be deemed duly given if delivered personally, by facsimile by confirmation of receipt, by courier, by evidence of delivery or on the fifth day following the date on which each such notices is deposited postage prepaid in the United States Mail. All notices, requests or communications shall be delivered or sent to the other party at the address shown below or to any other address as the party may designate by ten (10) days prior written notice given in accordance with this provision.

CONSULTING SERVICES AGREEMENT

If to Company:
NSTAR Electric & Gas Corporation
One NSTAR Way – SE250
Westwood, Massachusetts 02090
Attention: Procurement Director

If to Supplier:

Attention:

24.0 CONFIDENTIALITY

The Supplier agrees to keep confidential all information provided by the Company (Confidential Information) pursuant to this Agreement. Confidential Information is not to be reproduced or disclosed to any third party, without the Company's permission, except to governmental or regulatory agencies. Confidential Information is not to be used by anyone other than the party to whom disclosed, nor used for any purpose other than the performance of Services and the completion of the Work.

25.0 PROHIBITION LIMITATION ON PUBLICITY - REVISED

The Supplier may indicate that it has (1) been awarded this assignment and/or (2) performed this service. The Supplier may not otherwise advertise or promote using the name of the Company, the terms or existence of this Agreement, or the Supplier's relationship with the Company without the consent of the company.

26.0 GIFTS, GRATUITIES AND CONFLICTS OF INTEREST

The exchange or offer of any money, gifts, services, or other benefits or gratuities by either party hereto to the other party hereto is hereby prohibited. This prohibition shall be applicable to the party's officers, employees, agents, employees and family members of the foregoing. Supplier hereby represents that to the best of its knowledge and/or belief, no economic, beneficial or employment, or managerial relationship exists between Supplier and any employee of the Company, or any member of such employee's family, which may tend to influence such employee (or those family members) in the performance of his or her duties on behalf of the Company. In the event Supplier becomes aware of any of the foregoing, the Supplier shall promptly advise the Company. Supplier further agrees to disclose any claim against the Company or the Company's affiliates, or the existence of any relationship with any other entity which is or may be adverse to the interests of the Company. In the event any activities or circumstances as described in this Section 26 arise, the Company shall have the right to elect to terminate this Agreement, effective upon the provision of written notice to the Supplier, without further recourse against the Supplier, and Supplier shall further retain all other rights and remedies in law or equity.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first above written.

NSTAR ELECTRIC & GAS CORPORATION

By: _____

By: _____

Printed: _____
Name: _____

Printed: _____
Name: _____

Title: _____

Title: _____

CONSULTING SERVICES AGREEMENT

APPENDIX "A"

SCHEDULE OF RATES

TABLE OF CONTENTS

<u>Section</u>	<u>Description</u>	<u>Page</u>
1.0	Billing Rates by Category	
2.0	Support Rates	
3.0	Other (Specify)	

CONSULTING SERVICES AGREEMENT

APPENDIX "B"

INVOICE

DATE: _____

Invoice # _____

JOHN DOE CORP.
10 HIGH STREET
BOSTON, MA 02111

TO: NSTAR ELECTRIC & GAS CORPORATION
Accounts Payable
P.O. Box 250
NORWOOD, MA 02062-0250

Contract # _____

Contract Release #: _____

BRIEF DESCRIPTION OF SERVICES PERFORMED IN ACCORDANCE WITH CONTRACT

LABOR	Description	Hours	Rate	Extension
	Consulting Engineer	8	\$10.00	\$ 80.00
	Technician	8	9.00	72.00
	Draftsman	8	8.00	64.00
	Secretary	8	7.00	<u>56.00</u>
	Sub-Total			\$272.00

MATERIALS SUPPLIES:

Itemized with paid vouchers attached

EXPENSES/PER DIEM RATES:

Itemized with vouchers attached

SUB-CONTRACT WORK:

Totals with paid vouchers attached

Sub-Total \$000.00

GRAND TOTAL \$272.00

ATTACHMENT #1

NOTICE OF COMPLETION
CONTRACT NUMBER _____
CONTRACT DATED _____, 20____

The work provided pursuant to the Contract or Contract Release dated _____, 20____, including all amendments as of the date of this Notice, (hereinafter called the "Project") between NSTAR Electric & Gas Corporation ("Company") and _____ "Supplier") has been completed as of _____, 20____.

All defects in workmanship and materials reported during the period of construction of the Project have been corrected.

Agreed to this _____ day of _____, 20____.

BY: _____

TITLE: _____

NSTAR ELECTRIC & GAS CORPORATION

BY: _____

TITLE: _____

3.0 COMMERCIAL PROPOSAL

3.1 Pricing

As requested in the RFP, CEA is pleased to provide its firm-fixed price proposal by service and its related rate structure and fees.

Firm-Fixed Price Proposal

CEA's firm-fixed price proposal inclusive of all tasks described in the NSTAR Electric PPA Plan through its Section VII is \$245,000. The table which follows provides CEA's firm-fixed price proposal by service area consistent with CEA's proposed work scope (see Section 4.1 of this proposal).

Area	Fixed Fee
1. Contract Assessment	\$25,000
2. Contract Evaluation	\$45,000
3. Documentation Coordination	\$10,000
4. Commercial Terms of Transaction(s) Development	\$25,000
5. Marketing Plan/Bidding Process Development	\$10,000
6. Offering Materials Development	\$30,000
7. Advertising and Communication Support	\$10,000
8. Marketing	\$20,000
9. Due Diligence Support	\$30,000
10. Bid Evaluation and Selection of Winner	\$40,000
11. Regulatory and Closing Support	To Be Determined

\$245,000

CEA's firm-fixed price proposal is based upon (1) the expected completion of these tasks by December 31, 2003, as articulated in the RFP, and (2) the provision of all models as well as written and electronic materials from NSTAR Electric's prior PPA auction effort to CEA upon award of this assignment. In the event that the auction is not completed by December 31, 2003, CEA will work with NSTAR Electric to develop a revised budget and workplan.

Not included in this firm-fixed price proposal is the Plan's Section VIII, Regulatory Support. CEA will work with NSTAR Electric to develop a specific scope and firm-fixed price budget for Regulatory Support when the number and scope of transactions become clear based upon the auction results. Also not included in this firm-fixed price proposal are any sub-contractor expenses which may be incurred at the Company's discretion. See Section 3.7 for a description of the possible uses of sub-contractors.

Rate Structure and Fees

CEA's Standard Billing Rates (rate structure) and standard Payment Terms are provided below as requested in the RFP. As described above, CEA has proposed a firm-fixed price for this work. Further, CEA accepts NSTAR Electric's payment terms as described in the RFP and in the NSTAR Electric Consulting Services Agreement.

CEA Standard Billing Rates

Title	Hourly Rates
CEO	\$400
President, Vice President	\$325
Assistant Vice President	\$250
Project Manager	\$225
Senior Consultant	\$175
Analyst	\$150
Project Assistant	\$45

CEA Standard Payment Terms

Fees and Expenses – Unless otherwise stated, fees for services by CEA shall be based upon the rates, at the time the work is performed, of the personnel actually involved in the assignment. Report production and printing, reproduction, and telephone charges will be billed to you at CEA's standard charges for such materials for services. Expenses of consultants while on assignment or any other charge incurred or expenditure made on your behalf will be charged at our cost.

Payment – CEA will submit monthly invoices reflecting actual work performed and expenses incurred. Payment shall be due in U.S. funds 30 days after the date of an invoice. Amounts past due more than 30 days shall bear interest at an annual rate of 12% from the due date until payment is received.

Sales Tax – You are responsible for paying any local, state or federal sales, use or ad valorem tax that might be assessed on our services.

3.2 Options and Alternatives

See Section 4.2, below.

3.3 Evaluation Questions/Answers – Commercial

NSTAR posed a number of questions in its RFP #695. All pricing-related questions are addressed by CEA in Section 3.1, above. All information-related questions are addressed by CEA in Section 4.3, below. All personnel-related questions are addressed by CEA in Section 4.4, below. NSTAR Electric's request for company-specific background information is addressed here.

CEA is a management consulting and economic advisory firm focused on the North American energy industry. Based in Marlborough, Massachusetts, and with offices in New York and Florida, CEA specializes in regulatory and litigation support, ratemaking, transaction-related financial advisory services, and strategic market assessments. With more than 200 years of combined industry experience, the firm's senior staff has held executive positions with management consulting firms, utility companies, regulatory agencies, competitive energy suppliers, and investment banks. The CEA team has a substantial and successful history of working together on a variety of issues in the electric and natural gas industries *including the divestiture of power supply contracts*. It is important to note that in addition to significant sell-side experience, CEA's staff also has substantial experience on the buy-side of such transactions. As a result, we are familiar with how bidders likely will view and value the transaction, and will be able to assist NSTAR Electric in structuring deal terms and managing due diligence processes to maximize the potential value to the Company and its customers.

did they happen?

Further, CEA staff member have lead power sales and tolling contract negotiations for numerous parties and as such bring substantial experience in structuring deal terms.

With regard to energy auction services specifically, CEA's staff has significant experience with transactions involving contract divestiture and supply procurement only, as well as transactions that included contract divestiture and transition supply procurement as part of a physical generation asset divestiture process. In addition to managing NSTAR Electric's 1999/2000 power supply transaction process, CEA's staff also managed the power supply transaction process for Niagara Mohawk Power Corporation ("NMPC") (approximately 6,100 MW of supply contracts and 21,000 GWh of standard offer service supply). In both of these assignments, CEA's staff provided extensive strategic, regulatory, financial and transactional support, acting as integral members of the client's team from the development of the transaction process through its implementation. Services provided by CEA's staff included: design of the transaction processes; specification of transaction terms; development of documentation (including virtual document rooms, models of contracts, presentations to bidders); extensive marketing and bidding support (including development of offering materials, direct marketing); extensive bidder support (including meetings with bidders, facilitating Q&A); extensive valuation of contracts; final bid review and negotiations; and closing and regulatory support (including developing presentations for senior management and Board of Directors, participating in meetings with regulators and intervenors, sponsoring expert testimony).¹

With regard to contract divestiture and supply procurement transactions related physical assets, in addition to prior work on the NSTAR PPA and SOS auction and the NMPC PPA outsourcing auction, members of CEA's staff specific experience includes the following:

- Ginna Nuclear Plant Sale – transition PPA may be considered (On-going)
- Nine Mile Nuclear Plant (2001) – transition Power Purchase Agreement
- Sithe Energies Independence Tolling Contract and TCC Auction (2001)
- LIPA Power Purchase Agreement Solicitation (2001)
- Conectiv (2000) – transition service Power Purchase Agreement
- California DWR Power Contracting (2000)
- Potomac Electric Company Power Purchase Agreements and transition Power Purchase Agreements (1999/2000)
- Eastern Utilities Associates (1999) – transfer of approximately 177 MW of supply contracts together with the supply of certain standard load requirements
- GPU (1999) – transition service Power Purchase Agreement
- Boston Edison Pilgrim Nuclear Sale to Entergy and Power Purchase Agreement (1998)
- Boston Edison Fossil Sale to Sithe Energies (1998)

¹ In each case, a robust market for the contracts and load materialized and a lead bidder(s) whose support payments/load costs were competitive vis-à-vis the respective company's internal valuation was identified. However, due to either regulatory or internal considerations, neither of these transactions was ultimately completed. NMPC selected a winning bidder (Tractebel) with whom it executed transaction agreements and submitted such transaction and agreements to the New York Public Service Commission where it became apparent that the transaction would not be approved. As the Company is aware, NSTAR Electric opted to halt negotiations before executing contracts.

Commonwealth Energy Advisors, Inc.
Response to NSTAR RFP #695 Energy Auction Services

In addition to these sell-side engagements, CEA's staff also has been retained as advisors on the buy-side of transactions involving substantial power purchase and/or tolling agreements. While the clients must remain confidential, the subject assets or entities included:

- Columbia Energy Company mid-merit and peaking assets
- Berkshire Energy
- MassPower
- Florida Municipal Electric Association ("FMEA")²
- Aquila Contracted Portfolio
- El Paso Contracted Portfolio

A more detailed overview of CEA is provided in Section 6.0, below.

² Assignment included developing restructuring alternatives for the purchaser under an FMEA power purchase agreement

Commonwealth Energy Advisors, Inc.
Balance Sheet
As of July 8, 2003

ASSETS**Current Assets****Checking/Savings**

Fleet Checking	342,445.32
Money Market Savings	100,363.27
Petty Cash	100.00

Total Checking/Savings	442,908.59
-------------------------------	-------------------

Accounts Receivable

Accounts Receivable	219,690.29
---------------------	------------

Total Accounts Receivable	219,690.29
----------------------------------	-------------------

Total Current Assets	662,598.88
-----------------------------	-------------------

Fixed Assets**Furniture and Equipment**

Build Out Cost	6,472.14
Computers	70,538.85
Copier Equipment	11,087.06
Furniture	53,989.74
Phone Equipment	28,599.94
Security System	5,127.84

Accumulated Depreciation	-92,519.00
--------------------------	------------

Total Furniture and Equipment	83,296.57
--------------------------------------	------------------

Total Fixed Assets	83,296.57
---------------------------	------------------

Other Assets**Licences**

Software	9,561.80
----------	----------

Accumulated Amortization	-1,293.00
--------------------------	-----------

Total Licences	8,268.80
-----------------------	-----------------

Organization Costs

Start-Up Costs	18,425.62
----------------	-----------

Accumulated Amortization	-3,685.00
--------------------------	-----------

Organization Costs - Other	1,500.00
----------------------------	----------

Total Organization Costs	16,240.62
---------------------------------	------------------

Security Deposit	33,500.00
-------------------------	------------------

Total Other Assets	58,009.42
---------------------------	------------------

TOTAL ASSETS	803,904.87
---------------------	-------------------

Commonwealth Energy Advisors, Inc.
Balance Sheet
As of July 8, 2003

LIABILITIES & EQUITY**Liabilities****Current Liabilities****Accounts Payable**

Accounts Payable	12,991.87
------------------	-----------

Total Accounts Payable	12,991.87
------------------------	-----------

Total Current Liabilities	12,991.87
---------------------------	-----------

Total Liabilities	12,991.87
-------------------	-----------

Equity**Capital Stock**

James M. Stephens Stock	18,986.14
-------------------------	-----------

Jo Ann Erven Stock	1,283.10
--------------------	----------

John C. Slocum Stock	17,500.00
----------------------	-----------

John Reed Stock	85,186.61
-----------------	-----------

Lisa M. Quilici Stock	43,763.35
-----------------------	-----------

Malcolm R. Ketchum Stock	29,134.81
--------------------------	-----------

Nicholas Mattia Stock	2,181.53
-----------------------	----------

Robert B. Hevert Stock	52,008.04
------------------------	-----------

Tara Nolan Stock	16,611.31
------------------	-----------

Total Capital Stock	266,654.89
---------------------	------------

Draw

Draw-Quilici	-92.53
--------------	--------

Total Draw	-92.53
------------	--------

Retained Earnings	421,036.23
-------------------	------------

Net Income	103,314.41
------------	------------

Total Equity	790,913.00
--------------	------------

TOTAL LIABILITIES & EQUITY	803,904.87
----------------------------	------------

3.5 EEOC Compliance Certificate

CEA's EEOC Compliance Certificate follows.

To: Suppliers of Boston Edison

In accordance with Government regulations and prime contract requirements, we are required periodically to verify business size of our suppliers and subcontractors and validate their compatibility with existing Government statutes dealing with equal opportunity, small business and small disadvantaged business.

Please cooperate by responding to the questions and return to the sender within 30 days. Your prompt response will avoid unnecessary delays in future business transactions.

**Boston Edison Co.
Purchasing Department**

Please mail completed and signed form to: Boston Edison Co., 800 Boylston St., Boston, MA 02199

**ATTACHMENT A
SOCIO-ECONOMIC PROGRAM REQUIREMENTS**

A. EQUAL OPPORTUNITY CLAUSE

Unless exempted by rules, regulations or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 as amended, Contractor, during the performance of each contract he may receive from the Company, agrees as follows:

1. The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. The Contractor will take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of the nondiscrimination clause.
2. The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.
3. The Contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice to be provided by the agency contracting officer, advising the labor union or workers' representative of the Contractor's commitments under Section 202 of Executive Order No. 11246, as amended, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
4. The Contractor will comply with all provisions of Executive Order No. 11246 as amended and of the rules, regulations, and relevant orders of the Secretary of Labor.

5. The Contractor will furnish all information and reports required by Executive Order No. 11246 as amended, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.
6. In the event of the Contractor's noncompliance with the nondiscrimination clause of this contract or with any such rules, regulations, or orders, this contract may be cancelled, terminated, or suspended in whole or in part and the contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 as amended, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 as amended or by rules, regulation, or order of the Secretary of Labor, or as otherwise provided by law.
7. The Contractor will include the provisions of Paragraph 1 through 7 in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 as amended, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for noncompliance; Provided however, that in the event the Contractor becomes involved in or is threatened with litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the contractor may request the United States to enter into such litigation to protect the interest of the United States.

B. CERTIFICATION OF NONSEGREGATED FACILITIES

By the submission of this Certificate, Contractor certifies that he does not maintain or provide for his employees any segregated facilities at any of his establishments and that he does not permit his employees to perform their services at any location, under his control, where segregated facilities are maintained. He certifies further that he will not maintain or provide for his employees any segregated facilities at any of his establishments and that he not permit his employees to perform their services at any location, under his control, where segregated facilities are maintained. Contractor agrees that a breach of this Certification is a violation of the Equal Opportunity Clause in this contract. As used in this Certification, the term "segregated facilities" means any waiting rooms, work areas, rest rooms with wash rooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees are segregated by explicit directive or are in fact segregated on the basis of race, creed, color, or national origin, because of habit, local custom or otherwise. He further agrees that (except where he has obtained identical Certifications from proposed subcontractors for specific time periods) he will obtain identical Certifications from proposed subcontractors prior to the award of subcontracts exceeding \$10,000 which are not exempt from the provisions of the Equal Opportunity Clause that he will retain such Certifications in his files and that he will forward the following notice to such proposed subcontractors (except where the certification for specific time periods):

"NOTICE TO PROSPECTIVE SUBCONTRACTORS OF REQUIREMENT FOR CERTIFICATIONS OF NON-SEGREGATED FACILITIES

A certificate of Nonsegregated Facilities must be submitted prior to the award of a subcontract exceeding \$10,000 which is not exempt from the provisions of the Equal Opportunity Clause. The Certification may be submitted either for each subcontract or for all subcontracts during a period (i.e., quarterly, semiannually, or annually)".

C. EEO-1 (STANDARD FORM 100) REPORTING REQUIREMENTS

Pursuant to 41 C.F.R. Section 60-1.7, the Contractor will file annually, on or before the 31st day of March, complete and accurate reports on Standard Form 100 (EEO-1) if the Contractor (i) is not exempt from the provisions of the regulations in accordance with section 60-1.5, (ii) has 50 or more employees (iii) is a first tier subcontractor, and (iv) has a contract amounting to \$50,000 or more provided that any subcontractor below the first tier which performs construction work at the site of construction shall be required to file such a report if it meets requirements of subdivisions (i), (ii), and (iv).

D. AFFIRMATIVE ACTION COMPLIANCE PROGRAM

The Contractor (if a contractor with 50 or more employees and a contract of \$50,000 or more) agrees to develop a written affirmative action compliance program (or to revise existing written affirmative action programs if necessary) within 120 days from the commencement of the contract as provided for in 41 C.F.R. Section 60-2 (Revised Order No. 4) unless otherwise exempt under 41 C.F.R. Section 60-1.

E. EMPLOYMENT OF HANDICAPPED INDIVIDUALS AND VETERANS

To assure compliance with Section 503 of the Rehabilitation Act of 1973 as amended, all subcontractors with a contract over \$2,500 in value, must establish an affirmative action program as required by 41 CFR 60-741 to employ and advance in employment qualified handicapped individuals. To comply with the Vietnam Era Veterans Readjustment Act of 1974, each subcontractor with a subcontract over \$10,000 must take affirmative action to employ and advance in employment qualified disabled veterans and veterans of the Vietnam Era, and list with appropriate local employment service offices all suitable employment openings, as required by 41 CFR 60-250. The contract clauses prescribed in 41 CFR 60-741 and 60-250 are incorporated by reference in all contracts over the applicable amount between contractor and subcontractor in effect during the term of this certificate.

- F. UTILIZATION OF SMALL BUSINESSES CONCERNS AND SMALL DISADVANTAGED BUSINESS, (MINORITY BUSINESS ENTERPRISES.)**
 It is the policy of the Government that Minority Business Enterprises shall have the maximum practicable opportunity to participate in the performance of Government contracts, Public Law 95-507.
- The Contractor agrees to use his best efforts to carry out this policy in the award of his subcontracts to the fullest extent consistent with the efficient performance of this contract. As used in this contract, the term "minority business enterprise" means a business at least fifty percent (50%) of which is owned by minority group members or, in the case of publicly-owned businesses, at least fifty-one percent (51%) of the stock of which is owned by minority group members. For the purposes of this definition, minority group members are Black Americans, Hispanic Americans, Native Americans (such as American Indians, Eskimos, Aleuts, and Native Hawaiians), and any other individuals found to be disadvantaged by the S.B.A.
- G. MINORITY BUSINESS ENTERPRISES SUBCONTRACTING PROGRAM**
 The Contractor (except small business concerns) agree that in all contracts of \$10,000 or more which offer further subcontracting opportunities, a plan will be adopted in accordance with the requirements of Public Law 95-507 15 USC 637.

VENDOR #

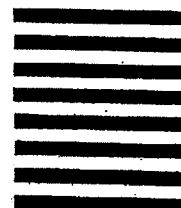


NO POSTAGE
NECESSARY
IF MAILED
IN THE
UNITED STATES



POSTAGE WILL BE PAID BY ADDRESSEE

BOSTON EDISON COMPANY
ATTN: COORDINATOR OF PROCUREMENT SERVICES
PURCHASING DEPT.
800 BOYLSTON STREET
BOSTON, MASSACHUSETTS 02199-9982



BOSTON EDISON COMPANY
800 Boylston St.
Boston, MA 02199

Attn. Coordinator of Procurement Services, Purchasing Dept.

LEGAL ENTITY IDENTIFICATION				SUPPLIER CODE:		TELEPHONE	
Commonwealth Energy Advisors, Inc.						508-787-0900	
STREET ADDRESS			CITY	STATE	ZIP	NO. EMPLOYEES	
313 Boston Post Rd. West			Marlborough	MA	01752	15	
<input type="checkbox"/> A DIVISION <input type="checkbox"/> A SUBSIDIARY <input type="checkbox"/> AN AFFILIATE OF			NAME OF PARENT COMPANY AND ADDRESS			IDENTIFY STATE IN WHICH PRODUCT IS MANUFACTURED	
						Massachusetts	
BUSINESS SIZE		DISADVANTAGED OWNED & CONTROLLED	WOMEN OWNED & CONTROLLED	FOREIGN OWNED	MANUFACTURER		FORMALIZED MINORITY VENDOR PROGRAM
<input type="checkbox"/> LARGE <input checked="" type="checkbox"/> SMALL		<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	<input type="checkbox"/> MANUFACTURER <input type="checkbox"/> DISTRIBUTOR		<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO

NO. EMPLOYEES: The above block requesting the number of employees should include the total of all employees located in all divisions, affiliates, subsidiaries and the parent company.

BUSINESS SIZE: Generally speaking a company employing fewer than 500 persons is considered small. (However, refer to FAR 32.210-1 or consult your region Small Business Administration for exceptions.)

DISADVANTAGED OWNED: At least 51% of the concern is owned and daily managed and controlled by socially and economically disadvantaged individuals; or in the case of a publicly owned business, at least 51% of the stock is owned by socially and economically disadvantaged individuals and one or more such individuals manage and control the daily operations of the business. Disadvantaged persons are considered to be Black Americans, Hispanic Americans, Native Americans (such as American Indians, Eskimos, Aleuts and Native Hawaiians) and other minorities, or any other individuals found to be disadvantaged by the Small Business Administration.

WOMEN OWNED: At least 51% of the concern is owned and daily managed and controlled by women, or in the case of a publicly owned business, at least 51% of the stock is owned by women and one or more such individuals manage and control the daily operations of the business.

FOREIGN OWNED: Any concern whose principal base of operations is located outside the 50 United States, its territories and possessions.

SOCIO-ECONOMIC PROGRAM REQUIREMENTS: The enclosed Attachment A contains certifications of non-segregated facilities, equal opportunity requirements and other socio-economic policies that must be included in each purchase order of \$10,000 or more placed with any facility or division of a company. Please review these provisions and answer the questions below by checking the appropriate spaces and signing as indicated. The questions apply to the company facilities where the work will be performed and must be completed before orders may be placed with that facility.

1. Seller ☒ has ☐ has not held contracts or subcontracts subject to the equal opportunity clause of Executive Order 11848 as amended.
2. Seller ☒ has ☐ has not filed the annual equal employment opportunity information report (EEO-1) and all other required reports (see 41 CFR 80-1.7).
3. Seller ☒ will ☐ will not the equal employment opportunity information report (EEO-1) when required.
4. The equal employment opportunity program of this firm has ☐ has not ☒ been subject to a government equal opportunity compliance review. If so, when?
5. Seller ☒ has ☐ has not developed a written affirmative action program.
6. Seller ☒ agrees and certifies, ☐ does not agree and certifies, that all facilities maintained by seller are nonsegregated.
7. Seller has ☐ has not ☒ developed a subcontracting plan in accordance with Public Law 95-507.
8. Seller does ☐ does not belong to a Local or National Minority Purchasing Council.
9. The seller hereby acknowledges receipt of Attachment A, understands the Government equal opportunity requirements and certifies to the accuracy of responses to the statements above.

COMPANY Commonwealth Energy Advisors, Inc. AUTHORIZED SIGNATURE [Signature]
 DATE 7.22.03 TITLE Vice President

Please tear out this card and drop in the mail.

FORM #4080

3.6 Insurance Certificate(s)

A copy of a CEA's Business Insurance certificate naming NSTAR as an additional insured.

ACORD. CERTIFICATE OF LIABILITY INSURANCE				CSR BC COMM-20	DATE (MM/DD/YY) 12/19/02
PRODUCER Met Insurance Agency, Inc (B) 175 Derby St. Unit 40 Hingham MA 02043 Phone: 781-740-6300			THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES DESCRIBED BELOW.		
INSURED Commonwealth Energy Advisors 50 Shrewsbury Street W. Boylston, MA 01583			INSURERS AFFORDING COVERAGE INSURER A: CNA Insurance Co. INSURER B: Mount Vernon Fire Ins. Co. INSURER C: INSURER D: INSURER E:		
COVERAGES THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN. THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.					
POLICY LINE	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	<input checked="" type="checkbox"/> GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	2054624529	03/26/02	03/26/03	EACH OCCURRENCE \$1,000,000 FIRE DAMAGE (Any one fire) \$100,000 MED EXP (Any one person) \$5,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$2,000,000 PRODUCTS - COMPOUND AGG \$1,000,000 Exp Ben. 1,000,000
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT (Per accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)
	CARVAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT OTHER THAN AUTO ONLY: EA ACC ADD
	EXCESS LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DEDUCTIBLE RETENTION \$				EACH OCCURRENCE AGGREGATE
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	2054624594	03/26/02	03/26/03	<input type="checkbox"/> SELECTIVE <input type="checkbox"/> FULL EL EACH ACCIDENT \$100,000 EL DISEASE - EA EMPLOYEE \$100,000 EL DISEASE - POLICY LIMIT \$500,000
A	Property Section PROFESSIONAL	2054624529 TO BE DETERMINED	03/26/02 07/19/02	03/26/03 07/19/03	PROFESSIONAL \$1,000,000
DESCRIPTION OF OPERATION/LOCATION/PRODUCTS/EXCLUSIONS ADDED BY ENDORSEMENTS/SPECIAL PROVISIONS CERTIFICATE HOLDER IS NAMED AS ADDITIONAL INSURED					
CERTIFICATE HOLDER		<input checked="" type="checkbox"/> ADDITIONAL INSURED; INSURER LETTER		CANCELLATION	
NSTAR ONE NSTAR WAY WESTWOOD, MA 02090-9230		INSTAR IN		SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL endeavor to MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES. AUTHORIZED REPRESENTATIVE <i>John A. Starnes</i>	

ACORD 25-S (7/97)

©ACORD CORPORATION 1991

3.7 Subcontractors

Depending upon the alternative selected by NSTAR, CEA may use a subcontractor or outside vendor to provide market price forecasting services. While we have established informed relationships with several firms that provide such services, our intent is to select a firm after consulting with NSTAR.

Also depending upon the alternative selected by NSTAR, CEA may use a subcontractor or outside vendor to produce documentation CD-ROMs or to develop and host a secure website. As described in Section 3.1, the cost associated with the use of any subcontractors or outside vendors will be passed through the NSTAR Electric at cost.

4.0 TECHNICAL PROPOSAL

4.1 Work Scope

CEA's proposed auction process, including methodology and steps to perform the auction, the role of the Company, and schedule/timeline are outlined in the table which follows.

Area	Tasks/Issues to be Addressed	Role of Company ³	Schedule
1. Contract Assessment	<ul style="list-style-type: none"> Review and summarize PPAs according to outline specified in the Company's PPA Divestiture Workplan Perform qualitative assessment of contracts (e.g., contract history, value drivers) 	CEA leads assessment, Company reviews product	Aug 11 - 29
2. Contract Evaluation	<ul style="list-style-type: none"> Prepare analysis by load zone, based on NSTAR market forecast for each contract resulting calculate the above-market cost by load zone for each contract and a baseline valuation for each contract for use in bid evaluation Specify all assumptions underlying the analysis in detailed workpapers underlying evaluation model Assessment of price forecasts and their role in the analysis, ensure consistency between underlying assumptions in energy forecasts and fuel prices and other assumptions used to develop PPA expected values – Optional service is for CEA to provide a price forecast as opposed to relying on Company-produced forecast Identification of key variables and associated risks and uncertainties. This analysis would include the identification and specification of variables that are most likely to affect the value of the underlying contracts (e.g., forward energy and capacity prices, fuel prices, plant capacity and availability factors, etc.) CEA proposed to use a simulation tool such as Crystal Ball to specify and model key risks and uncertainties, and to develop a baseline expected value (or range of values) for each contract 	<p>CEA leads evaluation, relying on Company energy price forecast and underlying assumptions including fuel prices supporting the forecast. In consultation with the Company, CEA will refine the data as necessary to ensure it is reasonably applied to the PPA evaluations. Company reviews product</p> <p>Company to take an active role in identifying key valuation variables, risk determinants, variable correlations, variable distribution ranges, and discount rates. This task assumes that CEA would base its analysis on existing Company models</p>	Aug 18 – 29

³ Unless otherwise explicitly stated, in all areas, CEA anticipates that the Company will review and approve work product.

Area	Tasks/Issues to be Addressed	Role of Company ³	Schedule
	<p>using the probability-weighted average of the resulting simulations.</p> <ul style="list-style-type: none"> • Development of contract-specific baseline expected values, and valuation ranges (based on Value at Risk, or "VaR" methodologies) • Identification of any additional factors not modeled in the analysis that should be used in bid evaluation (e.g., terms of transfer) • Assessment of economics of securitization and the use of asset-backed securities to finance the acquisition/restructuring of the PPAs 	<p>Company to approve baseline valuations and valuation ranges on a contract-by-contract basis</p> <p>Company to provide substantial input into assessment of securitization alternatives</p>	
3. Documentation Coordination	<ul style="list-style-type: none"> • Review existing documentation. Identify any updated and/or new documentation which may be required • Meet with NSTAR Electric personnel to identify key characteristics of contracts and any key information which should be included in the documentation made available to bidders • Assess appropriate media for disseminating documentation (CD/hard copy/secure website) • Develop documentation materials and support administration – if virtual document room is selected, identify and manage vendors necessary to implement virtual document room • Develop protocols governing access to documentation • Develop procedures regarding bidders written questions • Develop and manage the documentation dissemination process throughout the auction. Manage bidder Q&A process. Monitor bidder Q&A process and support due diligence efforts of both Bidders and Company (e.g., tracking and delivery process) • To the extent contract models are provided to bidders, ensure that models are sufficiently "user friendly" and include the appropriate disclaimers and qualifications 	<p>When bidder Q&A commences, Company personnel to participate in responding to bidder Q&A, reviewing responses, providing legal review as necessary, etc.</p> <p>Company personnel to participate in discussions and to provide copies (hard and/or electronic) of all documentation</p> <p>Company personnel to approve final form of models to be provided to bidders</p>	Aug 11 – Sept 12

Area	Tasks/Issues to be Addressed	Role of Company ³	Schedule
	PPA Divestiture Workplan, physical documentation binders to extent documentation is provided in physical form) which would include electronic PPA models (absent forecasted prices) provided to all Bidders, in keeping with current market expectations for this type of transaction.		
7. Advertising and Communication Support	<ul style="list-style-type: none"> • Develop advertising (i.e., marketing) program considering costs/benefits of various options • Develop marketing materials, communication plans if necessary and press release(s) consistent with program adopted • Act as press contact • Support outreach to investment community, as required • Participate in discussions with PPA counterparties as necessary and appropriate 	<p>Company to review and approve all marketing material and external correspondence</p> <p>Company finance personnel to sign off on or participate in investment community outreach</p> <p>Company contract administrators to participate in discussions with PPA counterparties as necessary and appropriate</p>	Aug 25 ongoing
8. Marketing	<ul style="list-style-type: none"> • Perform targeted marketing, i.e., telephone outreach to key contacts • Issue EIL, CA and RFQ and follow-up to secure timely return thereof • Support negotiation of CA as necessary • Review bidder qualifications • Disseminate marketing materials to qualified bidders • Develop bidding instructions • In conjunction with Company, develop and required asset bundling or other bidding or bid matrix requirements • Ongoing direct marketing • Document marketing effort 	<p>Company to review and sign off on all</p> <p>Company counsel to participate in negotiations of CA as necessary</p>	Sept 12 ongoing
9. Due Diligence Support	<ul style="list-style-type: none"> • Develop due diligence schedule and process • Assign bidder handlers (i.e., individuals responsible for facilitating the due diligence needs of bidders, or consider assigning experts on the basis on specific contracts) • Identify issues/approaches for bidder 	Company to review all materials, participate in technical meetings with bidders and respond to technical questions	Sept 22 – Oct 31

4.1 Options and Alternatives

It is necessary that all contract analysis be performed such that the fuel prices underlying the electric energy forecast are used in evaluating the cost of power under the various PPAs. CEA would recommend that any forecasts used in PPA valuations and bid evaluation comport with other forecasts NSTAR Electric may have provided to the DTE. CEA is willing to use NSTAR Electric forecasts for energy prices as a base for PPA valuation, with appropriate review of assumptions and development of high and low risk scenarios based on the Company's forecasts.

Alternatively, if refreshed forecast data are required CEA would purchase the necessary forecast from an NSTAR Electric approved vendor and bill that cost to the project. In each case CEA would use its market-informed judgment regarding price volatility, expected PPA costs, expected ranges for market value of power and energy load pocket costs to assess both PPA valuation and forecast assumptions

4.2 Evaluation Questions/Answers - Technical

Certain technical Evaluation Questions were posed by NSTAR Electric in the RFP. Those questions and CEA's answers follow.

Question: Describe the commitment needed from NSTAR Electric to host your auction team in terms of space, equipment, staff time.

CEA Answer: CEA does not require that NSTAR Electric make any commitment to host the auction team, unless the Company requests that meetings be held at its offices in which case meeting rooms would be needed.

Question: Identify any additional information that NSTAR Electric would need to provide and in what format.

CEA Answer: NSTAR Electric would need to provide electronic or hard copy versions of the various documents used in the prior auction including the Offering Memorandum and Transaction Documents as well as an electronic copy of the final valuation models. NSTAR Electric will need to provide complete copies (hard copy or paper) of all the PPAs and amendments thereto as well as any forecasts that the Company may elect to have CEA use.

Question: What is the customer involvement, if any, in the process?

CEA Answer: Unless otherwise directed by NSTAR Electric, CEA does not anticipate involving customers in this process.

4.3 Key Project Personnel

If retained by NSTAR to administer its PPA auction, CEA will staff this project with a team of its most experienced consultants. CEA offers NSTAR its choice of expert witness from among three of its senior executives, John J. Reed, Chairman and Chief Executive Officer, Robert B. Hevert, President, and Lisa M. Quilici, Vice President. The day-to-day project management and deployment will be performed by a combination of Robert B. Hevert, Lisa Quilici, and Tara Nolan, Assistant Vice President, with the support of John Slocum, Vice President, Toby Bishop, Project Manager, and Caroline O'Neill, Senior Consultant, as appropriate. This project team is committed to providing NSTAR Electric with the highest level of service. While it is anticipated that some members of the team may have responsibilities in addition to this project during the term of the project, CEA commits that these responsibilities will have no negative impact the quality or timeliness of the service received by NSTAR Electric.

Each member of the CEA project team possesses significant relevant experience, including working directly on behalf of sellers and/or buyers in multiple auctions of energy assets and PPAs. The specific biographies

Commonwealth Energy Advisors, Inc.
Response to NSTAR RFP #695 Energy Auction Services

for each member of the project team are provided below, additionally full resumes for each team member are provided at the end of this Section.

John J. Reed, Chairman and Chief Executive Officer, is a financial and economic consultant with more than 25 years of experience in the energy industry. He has provided advisory services in the areas of mergers and acquisitions, asset divestitures and purchases, strategic planning, project finance, corporate valuation, energy market analysis, rate and regulatory matters and energy contract negotiations to clients across North and Central America. Mr. Reed's comprehensive experience includes the development and implementation of nuclear, fossil, and hydroelectric generation divestiture programs with an aggregate valuation in excess of \$20 billion. These include executive-level roles in the Pilgrim, Oyster Creek, Nine Mile Point, Hope Creek, Peach Bottom, Salem, and Seabrook nuclear plant sales. He has managed over 15 divestiture transactions for both assets and power purchase agreements. Mr. Reed has provided expert testimony on financial and economic matters on more than 125 occasions before the FERC, Canadian regulatory agencies, state utility regulatory agencies, various state and federal courts, and before arbitration panels in the United States and Canada. After graduation from the Wharton School of the University of Pennsylvania, Mr. Reed joined Southern California Gas Company, where he worked in the regulatory and financial groups, leaving the firm as Chief Economist in 1981. He served as executive and consultant with Stone & Webster Management Consulting and R.J. Rudden Associates prior to forming REED Consulting Group ("RCG") in 1988. RCG was acquired by Navigant Consulting in 1997, where Mr. Reed served as an executive until leaving Navigant to join CEA as Chairman and Chief Executive Officer.

Robert B. Hevert, President, is an economic and financial consultant with broad experience in the energy industry. He has an extensive background in the areas of corporate strategic planning, energy market assessment, corporate finance, mergers and acquisitions, asset-based transactions, asset and business unit valuation, market entry strategies, strategic alliances, and project development. He has worked on behalf of NSTAR Electric and NMPC in their PPA transactions. He has also supported the development or evaluation of PPAs in more than ten transactions. Mr. Hevert has provided expert testimony on strategic, financial and economic matters before several regulatory agencies. He previously has served in managerial and executive positions for natural gas distribution and telecommunications companies, as a Managing Director of Navigant Consulting, Inc. and as a Vice President of Reed Consulting Group. Mr. Hevert is a Chartered Financial Analyst, a graduate of the University of Delaware and holds an MBA from the University of Massachusetts, Amherst. He has testified on numerous utility financings and has prepared dozens of financial analyses.

Lisa M. Quilici, Vice President, has more than a dozen years of analytical, policy and management experience in the energy industry. She has extensive experience in corporate and asset-based transactions including both buy and sell-side engagements, regulatory analysis, policy development, incentive and traditional ratemaking, due diligence analyses, energy market assessment, business unit strategy, and the implementation of workforce and communication programs. Ms. Quilici has provided ratemaking and regulatory support to numerous clients throughout North America. Ms. Quilici has developed divestiture programs for nuclear, fossil and hydroelectric generation asset and non-regulated energy marketing and energy services affiliates. These transactions have an aggregate valuation in excess of \$10 billion for clients throughout the country. With regard to PPA auctions, Ms. Quilici has worked on behalf of NSTAR Electric and NMPC in their PPA transactions. She has also supported the development of transitional PPAs in the context of asset divestitures in more than ten transactions. Ms. Quilici has provided expert testimony regarding transaction and ratemaking matters before state utility commissions. She has previously served in managerial and executive positions for a regulatory commission and for major energy consulting firms, acting as an assistant director of the Rates and Revenue Requirements Division of the Massachusetts Department of Telecommunications and Energy, a Vice President of Reed Consulting Group, and, most recently, a Managing Director of Navigant Consulting, Inc. Ms. Quilici is a graduate of Purdue University and was awarded an MBA from Northeastern University.

Commonwealth Energy Advisors, Inc.
Response to NSTAR RFP #695 Energy Auction Services

John C. Slocum, Vice President, is a management, economic and financial consultant with more than 15 years of experience in the energy industry. He has an extensive background in project finance and asset purchase transactions, having participated in dozens of electric generation project financings and in the development and implementation of both regulated and unregulated fossil and renewable generation asset and power purchase agreement sales transactions with an aggregate valuation in excess of \$4 billion. Mr. Slocum's comprehensive experience includes regulatory policy formulation and implementation, cost of service-based ratemaking, litigation support, strategic planning, energy market assessment, and energy sector contracting and procurement practices. He has provided management seminars and presentations on topics that include wholesale gas and power contracting, energy industry restructuring, and various energy industry transactions. Mr. Slocum has served in managerial and executive positions at Navigant Consulting, Inc., Reed Consulting Group, Benjamin Schlesinger and Associates, and the California Public Utilities Commission, and is a graduate of Dartmouth College and the John F. Kennedy School of Government, Harvard University.

Tara L. Nolan, Assistant Vice President is an economic and management consultant with 15 years of experience in the energy industry. Ms. Nolan has been involved in all aspects of divestiture and acquisition transactions for both fossil and nuclear assets, including strategic options review, asset valuation, regulatory review, and transaction support efforts. Ms. Nolan has substantial experience in developing, marketing and completing competitive processes for the procurement of gas supply and electricity, as well as negotiations for gas supply and pipeline transportation agreements, power purchase agreements and tolling contracts, including PPA negotiations for LIPA, CDWR in California and tolling contract development and auction for Sithe Energy. Ms. Nolan has worked on approximately ten energy asset divestiture projects and worked on NSTAR Electric's previous PPA and SOS auction process. Additionally, Ms. Nolan has been active in rate cases and other regulatory proceedings at both the state and federal levels. Ms. Nolan has served as Senior Engagement Manager for Navigant Consulting, Inc. and Vice President of New England Energy Exchange and is a graduate of Wheaton College.

Tobias Bishop, Project Manager, has over seven years of management and economic consulting experience in the energy industry. Mr. Bishop has a broad range of experience, including merger and acquisition due diligence, asset valuation, market assessment, and regulatory representation and litigation support. He has worked on more than five buy or sell-side transactions. Mr. Bishop has extensive regulatory experience on both electric and natural gas issues, including state and federal rate case proceedings, divestiture transactions, regulatory strategy and policy formulation. In addition, Mr. Bishop has substantial experience assisting clients with market-power related issues, including competitive concerns related to approvals of mergers and acquisitions and market-based rate applications before the Federal Energy Regulatory Commission and state utility commissions. Mr. Bishop consulted for several years with RCG and most recently served as Senior Engagement Manager for Navigant. Mr. Bishop is a graduate of Colgate University.

Caroline O'Neill, Senior Consultant, has more than five years of analytical, management and policy experience in the energy industry. She has experience in corporate and asset-based transactions, regulatory analysis, cost of service analysis, due diligence analyses, energy market assessment, business unit valuation, and business unit strategy. Ms. O'Neill had extensive involvement in more than half a dozen divestitures and acquisition transactions for both fossil and nuclear assets, including documentation, marketing, due diligence, labor and Q&A. Ms. O'Neill supported NSTAR Electric in its 1999/2000 PPA process. Ms. O'Neill has served as Senior Consultant for Navigant Consulting and is a graduate of LeMoyne College of Syracuse NY and was awarded an MLS from the University at Buffalo.

Commonwealth Energy Advisors, Inc.
Response to NSTAR RFP #695 Energy Auction Services

4.4 Work References

As requested in the RFP, CEA is pleased to provide three specific references.

Reference #1:

Arthur Upright, Senior Vice President
Central Hudson Gas and Electric Corporation
284 South Street
Poughkeepsie, NY 12601
(914) 486-5247

Reference #2:

James W. Rettberg, Manager, Jointly - Owned Stations
New York State Electric & Gas Corporation
Corporate Drive
Kirkwood Industrial Park - PO Box 5224
Binghamton, NY 13902-5224
(607) 762-8813

Reference #3:

Michael Kelleher, Vice President & Treasurer
National Grid USA
25 Research Drive
Westborough, MA 01582-0001
(508) 389-2000

Gloria Kavanah, Attorney
Niagara Mohawk Power Corporation
111 Washington Ave., Suite 301
Albany, NY 12210
(518) 433-5221

Litigation Support and Expert Testimony

Provided expert testimony on more than 125 occasions in administrative and civil proceedings on a wide range of energy and economic issues. Clients in these matters have included gas distribution utilities, gas pipelines, gas producers, oil producers, electric utilities, large energy consumers, governmental and regulatory agencies, trade associations, independent energy project developers, engineering firms, and gas and power marketers. Testimony has focused on issues ranging from broad regulatory and economic policy to virtually all elements of the utility ratemaking process. Also frequently testified regarding energy contract interpretation, accepted energy industry practices, horizontal and vertical market power, quantification of damages, and management prudence. Have been active in regulatory contract and litigation matters on virtually all interstate pipeline systems serving the U.S. Northeast, Mid-Atlantic, Midwest, and Pacific regions.

Also served on FERC Commissioner Terzic's Task Force on Competition, which conducted an industry-wide investigation into the levels of and means of encouraging competition in U.S. natural gas markets. Represented the interests of the gas distributors (the AGD and UDC) and participated actively in developing and presenting position papers on behalf of the LDC community.

Resource Procurement, Contracting and Analysis

On behalf of gas distributors, gas pipelines, gas producers, electric utilities, and independent energy project developers, personally managed or participated in the negotiation, drafting, and regulatory support of hundreds of energy contracts, including the largest gas contracts in North America, electric contracts representing billions of dollars, pipeline and storage contracts, and facility leases.

These efforts have resulted in bringing large new energy projects to market across North America, the creation of hundreds of millions of dollars in savings through contract renegotiation, and the regulatory approval of a number of highly contested energy contracts.

Strategic Planning and Utility Restructuring

Acted as a leading participant in the restructuring of the natural gas and electric utility industries over the past fifteen years, as an adviser to local distribution companies (LDCs), pipelines, electric utilities, and independent energy project developers. In the recent past, provided services to many of the top 50 utilities and energy marketers across North America. Managed projects that frequently included the redevelopment of strategic plans, corporate reorganizations, the development of multi-year regulatory and legislative agendas, merger, acquisition and divestiture strategies, and the development of market entry strategies. Developed and supported merchant function exit strategies, marketing affiliate strategies, and detailed plans for the functional business units of many of North America's leading utilities.

PROFESSIONAL HISTORY

Commonwealth Energy Advisors, Inc. (2002 – Present)
Chairman and Chief Executive Officer

Navigant Consulting, Inc. (1997- 2002)
President, Navigant Energy Capital (2000 – 2002)
Executive Director (2000 – 2002)
Co-Chief Executive Officer, Vice Chairman (1999 – 2000)
Executive Managing Director (1998 – 1999)
President, REED Consulting Group, Inc. (1997 – 1998)

Robert B. Hevert, CFA
President

Mr. Hevert is an economic and financial consultant with broad experience in the energy industry. He has an extensive background in the areas of corporate strategic planning, energy market assessment, corporate finance, mergers, and acquisitions, asset-based transactions, asset and business unit valuation, market entry strategies, strategic alliances, project development, feasibility and due diligence analyses. Mr. Hevert has significant management experience with both operating and professional services companies.

REPRESENTATIVE PROJECT EXPERIENCE

Financial and Economic Advisory Services

Retained by numerous leading energy companies and financial institutions throughout North America to provide services relating to the strategic evaluation, acquisition, sale or development of a variety of regulated and non-regulated enterprises. Specific services have included: developing strategic and financial analyses and managing multi-faceted due diligence reviews of proposed corporate M&A counter-parties; developing, screening and recommending potential M&A transactions and facilitating discussions between senior utility executives regarding transaction strategy and structure; performing valuation analyses and financial due diligence reviews of electric generation projects, retail marketing companies, and wholesale trading entities in support of significant M&A transactions.

Specific divestiture-related services have included advising both buy and sell-side clients in transactions for physical and contractual electric generation resources. Sell-side services have included: development and implementation of key aspects of asset divestiture programs such as marketing, offering memorandum development, development of transaction terms and conditions, bid process management, bid evaluation, negotiations, and regulatory approval process. Buy-side services have included comprehensive asset screening, selection, valuation and due diligence reviews. Both buy and sell-side services have included the use of sophisticated asset valuation techniques, and the development and delivery of fairness opinions.

Specific corporate finance experience while a Vice President with Bay State Gas included: negotiation, placement and closing of both private and public long-term debt, preferred and common equity; structured and project financing; corporate cash management; financial analysis, planning and forecasting; and various aspects of investor relations.

Representative non-confidential clients have included:

- Conectiv generation asset divestiture
- Eastern Utilities Associates (prior to acquisition by National Grid, PLC) generation asset divestiture
- Niagara Mohawk – sale of Niagara Mohawk Energy
- Potomac Electric Company generation asset divestiture

Representative engagements have included:

- Managing assessments of the NYPOOL, NEPOOL and PJM markets for major North American energy companies considering entering or expanding their presence in those markets
- Assessment of ECAR, MAPP, MAIN and SPP markets for a large US integrated utility considering acquisition of additional electric generation assets
- Assessment of natural gas pipeline and storage capacity in the SERC and FRCC markets for a major international energy company

Resource Procurement, Contracting and Analysis

Assisted various clients in evaluating alternatives for acquiring fuel and power supplies, including the development and negotiation of energy contracts and tolling agreements. Assignments also have included developing generation resource optimization strategies. Provided advice and analyses of transition service power supply contracts in the context of both physical and contractual generation resource divestiture transactions.

Business Strategy and Operations

Retained by numerous leading North American energy companies and financial institutions nationwide to provide services relating to the development of strategic plans and planning processes for both regulated and non-regulated enterprises. Specific services provided include: developing and implementing electric generation strategies and business process redesign initiatives; developing market entry strategies for retail and wholesale businesses including assessment of asset-based marketing and trading strategies; and facilitating executive level strategic planning retreats. As Vice President, Energy Ventures, of Bay State was responsible for the company's strategic planning and business development processes, played an integral role in developing the company's non-regulated marketing affiliate, EnergyUSA, and managed the company's non-regulated investments, partnerships and strategic alliances.

Representative engagements have included:

- Developing and facilitating executive level strategic planning retreats for Northeastern natural gas distribution companies
- Developing organization and business process redesign plans for municipally owned gas/electric/water utility in the Southeastern US
- Reviewing and revising corporate merchant generation business plans for Canadian and US integrated utilities
- Advising client personnel in development of business unit level strategic plans for various natural gas distribution companies

PROFESSIONAL HISTORY

Commonwealth Energy Advisors, Inc. (2002 – Present)
President

Navigant Consulting, Inc. (1997 - 2001)
Managing Director (2000 – 2001)
Director (1998 – 2000)
Vice President, REED Consulting Group (1997 – 1998)

REED Consulting Group (1997)
Vice President

Bay State Gas Company (1987 - 1997)
Vice President, Energy Ventures and Assistant Treasurer

Boston College (1986 - 1987)
Financial Analyst

General Telephone Company of the South (1984 - 1986)
Revenue Requirements Analyst

EDUCATION

M.B.A., University of Massachusetts, Amherst, 1984
B.S., University of Delaware, 1982

DESIGNATIONS AND PROFESSIONAL AFFILIATIONS

Chartered Financial Analyst, 1991
Association for Investment Management and Research
Boston Security Analyst Society

PUBLICATIONS/PRESENTATIONS

Has made numerous presentations throughout the United States and Canada on several topics including:

- Generation Asset Valuation and the Use of Real Options
- Retail and Wholesale Market Entry Strategies
- The Use Strategic Alliances in Restructured Energy Markets
- Gas Supply and Pipeline Infrastructure in the Northeast Energy Markets
- Nuclear Asset Valuation and the Divestiture Process

AVAILABLE UPON REQUEST

Extensive client and project listings, and specific references.

Lisa M. Quilici
Vice President

Ms. Quilici is a management and financial consultant with more than a dozen years of broad experience in the energy industry. She has advised numerous clients nationwide on a wide range of financial, economic, strategic, and regulatory issues. Specifically, Ms. Quilici has an extensive background in corporate and asset-based transactions, having developed and implemented nuclear, fossil and hydroelectric generation asset, power purchase agreement, and non-regulated energy marketing and energy services affiliate divestiture programs with an aggregate valuation in excess of \$10 billion. Her comprehensive experience includes regulatory analysis, policy formulation and implementation, incentive and traditional ratemaking, litigation support, strategic planning, energy market assessment, and workforce and communication program development and implementation. Ms. Quilici also has significant practical management experience, having acted as a senior manager of both a professional services organization and a regulatory agency.

REPRESENTATIVE PROJECT EXPERIENCE

Financial and Economic Advisory Services

Retained by numerous leading energy companies and financial institutions nationwide to provide services relating to the strategic evaluation, purchase, sale or development of a variety of regulated and non-regulated enterprises. Specific services have included: developing and implementing numerous corporate and asset-based divestiture programs; leading strategic and financial analyses of assets and business units; participating in due diligence reviews in connection with potential transactions; and developing and implementing screens of potential M&A transactions, including development of terms sheets and negotiating strategies.

Specific divestiture-related services have included managing all aspects of asset-based and corporate divestiture processes for major energy organizations. Directly managed transactions which included fossil, hydro and nuclear generation assets (wholly and jointly-owned), development properties, maintenance support organizations, energy services organizations, energy marketing and trading organizations, and power purchase agreements (both outright sales and back-to-back assignments). Specific services have included: pre-marketing strategic evaluation of assets/entities to be sold including valuation and due diligence; design of appropriate divestiture program (e.g., broad-based v. targeted, one-stage v. multiple-stage); marketing (the identification of and direct marketing to prospective buyers, the development of marketing and offering materials); development of transaction terms including support of the development of specific transaction agreements; technical/due diligence support including the development and administration of data dissemination tools (e.g., data rooms, CD ROMs, web-based applications, Q&A), and support of site tours and management meetings; specific workforce and communications support including the development of transition programs, facilitation and participation in outreach to employees, unions, local communities, etc.; bid process management; bid evaluation, selection and negotiation; Board of Directors support, including Fairness Opinions; and regulatory and closing support including expert testimony.

Representative projects/clients have included:

- Niagara Mohawk – sale of Niagara Mohawk Energy Marketing, energy services and distributed generation entities
- Niagara Mohawk – sale of PPAs
- Central Hudson, Rochester Gas and Electric, New York State Electric & Gas, Niagara Mohawk – sale of Nine Mile Point Units 1 and 2
- Conectiv – sale of fossil and nuclear generation assets
- GPU – sale of Oyster Creek Nuclear Generating Station
- GPU – sale of fossil and hydro generation, development properties, GENCO
- Boston Edison – sale of fossil generation assets
- Strategic evaluation and financial valuation of nuclear generation on behalf of utility owner
- Buy-side due diligence of nuclear generation assets
- Buy-side due diligence of Northeastern utility

Regulatory Analysis and Ratemaking

On behalf of electric, natural gas and combination utilities throughout North America, provided services relating to regulatory policy analysis and formulation and many aspects of utility ratemaking. Specific services provided have included: strategic review and development of merchant function exit strategies; analysis and program development to address residual energy supply and/or provider of last resort obligations; stranded costs assessment and recover; performance-based ratemaking analysis and design; and many aspects of traditional utility ratemaking (e.g., rate design, rate base valuation). Worked with clients and counsel to evaluate regulatory requirements and budding policies, and to develop and implement appropriate regulatory strategies. Routinely supported client in both informal (e.g., technical sessions, meetings) and formal (i.e., hearings, public meetings) interactions with regulators and intervenors. Both provided expert testimony and supported company witnesses in their provision of expert testimony.

As a regulator, acted on behalf of the MA Commission to implement a variety of statutes and policies as they pertained to electric, natural gas, and water utilities, including: review and analysis of all aspects of rate cases (e.g., rate base, embedded cost of service, inflation adjustments, return on equity, cost allocation, rate design), fuel/purchased power adjustment clauses, and requests for financing; participation in generic proceeding regarding M&A policies; facilitated the implementation of integrated resource management policies, including leading Commission-mandated IRM settlement discussions in which upwards of 50 parties participated; oversaw comprehensive management audit of electric utility; and review of various contracts (power purchase, gas supply). Participated in administrative hearings, including cross examination of witnesses. Developed position papers, presentations, and draft orders for Commission review. Managed department of approximately 14 professionals.

Representative projects/clients have included:

- Acted as interim manager of rate department for northeastern United States electric utility
- Identified and developed recovery mechanism for northeastern United States electric utility
- Developed merchant function exit strategies for northeastern United States natural gas local distribution companies
- Sponsored testimony on behalf of NIPSCO regarding valuation of rate base
- Developed regulatory and ratemaking strategies for mergers including northeastern United States natural gas local distribution companies

- Advised numerous utilities throughout North America regarding performance based ratemaking, including assessing regulatory policies regarding PBR, evaluating PBR mechanisms, performing benchmarking analyses, developing and facilitating senior-level workshops and briefings regarding PBR
- Advised government agencies regarding energy industry restructuring including acting as facilitator in New Hampshire's Electric Industry Restructuring Roundtable Process and advising the Advisory Commission regarding the privatization of the Ontario electric industry

Litigation Support and Expert Testimony

Provided expert testimony and support of litigation in administrative regulatory proceedings on a variety of energy and economic issues including the proposed transfer of power purchase agreements, procurement of residual service electric supply, and divestiture processes and results. In addition to developing and sponsoring expert testimony on issues relating to specific transactions and ratemaking proposals, specific services provided include collaborating with counsel as well as business and technical staff to clients to develop litigation strategies, prepare and review discovery and briefing materials, preparing materials and participating in sessions with regulators and intervenors.

Specific projects/clients have included:

- Sponsoring testimony on behalf of Central Hudson, New York State Electric & Gas, Niagara Mohawk, and Rochester Gas & Electric in support of the auction of Nine Mile Point Units 1 and 2
- Sponsoring testimony on behalf of Niagara Mohawk in support of the proposed auction of power purchase agreements and solicitation of supply to service retail load
- Sponsoring testimony on behalf of NIPSCO in support of valuation of rate base
- Supporting company witnesses in various proceedings from the development of testimony, through the response to discovery and input regarding briefs. Proceedings have covered a variety of topics which included the development of stranded cost recovery charges, rate design, merchant function exit, and holding company formation.

Energy Market Assessment

Retained by numerous to provide assessments of regional energy markets. Specific services provided have included regulatory situation analysis, assessment of competitive position, and review of electric and natural gas price forecasts and generation project entry and exit scenarios. In connection with asset-based and corporate divestiture services, have routinely evaluated the energy markets in which both the specific assets/organization to be sold reside, as well as in which primary prospective buyers operate so as to better-tailor marketing programs and identify optimal value. In addition to divestiture clients identified above, specific clients and projects have included assessment of NEPOOL and PJM markets for North American energy companies considering entering or expanding their presence in those markets.

Resource Procurement, Contracting and Analysis

Assisted various clients in evaluating alternatives for acquiring power supplies, including the development/negotiation of energy contracts. Provided advice and analysis of transition service power supply contracts in the context of both physical and contractual generation resource divestiture transactions. Developed and implemented divestiture programs specific to power purchase agreements. These assignments have included extensive evaluation of the contracts for which divestiture was sought (technical and financial review, modeling, assignability, etc.), development and implementation of divestiture program (marketing, terms of sale, due diligence, bid evaluation and selection, Board and regulatory – see Financial and Economic Advisory Services

PRESENTATIONS

Has made numerous presentations throughout the United States on a variety of topics including:

- Generation asset divestiture
- Nuclear asset valuation and divestiture
- Sale of jointly-owned generation assets
- Performance based ratemaking
- Provider of last resort obligations
- Workforce transition programs

AVAILABLE UPON REQUEST

Extensive client and project listings, and specific references.

John C. Slocum
Vice President

Mr. Slocum is a management, economic and financial consultant with more than 15 years of diverse experience in the energy industry. He has an extensive background in the areas of energy contracting and procurement practices, energy market assessment, corporate and project finance, asset-based transactions, asset valuation, market entry strategies, feasibility and due diligence analyses, and project development. Mr. Slocum has significant management experience, serving both in professional services companies and a regulatory agency.

REPRESENTATIVE PROJECT EXPERIENCE

Resource Procurement, Contracting and Analysis

Directed various client assignments involving the evaluation of alternatives for acquiring fuel and power supplies, including the development and negotiation of gas supply, transportation and storage contracts and energy tolling agreements. Directed fuel supply planning and contracting assignments for utilities, industrials, generation companies, and government/academic institutions both domestically and internationally. Assignments typically include assessing price and reliability risks, devising mechanism for linking or hedging risks between fuel and power markets, researching and analyzing spot market price and commodity contracting trends, structuring and evaluating bids for gas supplies, supporting gas contracting negotiations, and developing strategies for managing and optimizing fuel resources. Supported the development and financing of cogeneration, merchant power, and tolling projects throughout North America, including developing and assessing fuel contracting strategies and gas marketing opportunities to enhance project economics and promote financing. Assisted in the restructuring of fuel and power sales contracts to realign them in response to evolving energy markets and financing objectives. Provided advice and analysis in the development of transition service power supply contracts in the context of generation asset divestiture transactions.

Representative engagements have included:

- Participated in dozens of power project financings, including Tenaska's Ferndale, Fredrickton, Brazos, Frontier and Gateway projects, IEC's NEA and NJEA projects, Cogentrix's Rathdrum project, the Doswell, Linden, Selkirk, MASSPOWER, and Bucksport Energy projects, and two Colombian generation projects
- Provided technical and contracting support to the Philippine National Power Corp. as it negotiated a long-term gas purchase contract to serve as the basis for the Philippine gas industry

Financial and Economic Advisory Services

Retained by numerous leading energy companies and financial institutions to provide services relating to the strategic evaluation, purchase, sale or development of a variety of regulated and non-regulated energy projects. Specific services have included: developing and implementing numerous asset-based divestiture programs; performing valuation analyses of electric generation projects, participating in due diligence reviews in connection with potential transactions; devising and implementing marketing programs and financial screens of potential buyers; and development of term sheets and negotiating strategies.

Specific divestiture-related services have included advising both buy and sell-side clients in transactions for physical and contractual electric generation resources. Sell-side services have included: development and implementation of key aspects of asset divestiture programs such as marketing, offering memorandum development, development of transaction terms and conditions, bid process management, bid evaluation, transaction agreement development, negotiations, and regulatory approval process. Buy-side services have included comprehensive asset screening, selection, valuation and due diligence reviews. Both buy and sell-side services have included the use of sophisticated asset valuation techniques, and the development and delivery of fairness opinions.

Representative non-confidential clients have included:

- Potomac Electric generation asset divestiture
- Bangor Hydro generation asset divestiture
- Central Hudson generation asset divestiture

Representative confidential engagements have included:

- Buy-side valuation and assessment of regulated utility generation assets in Northeastern US
- Unregulated Qualifying Facility (QF) asset sale offering
- Unregulated industrial cogeneration asset sale offering
- Sale of control of QF through long-term tolling agreement

Energy Market Assessment

Retained by numerous leading energy companies and financial institutions nationwide to manage or provide assessments of regional energy markets throughout the US. Such assessments have included development of electric and natural gas price forecasts, analysis of gas commodity price trends, research and analysis of gas supply and transmission capacity contracting and sales practices, assessment of natural gas and electric transmission infrastructure, market structure and regulatory situation analysis, and assessment of competitive position. Market assessment engagements typically have been used as integral elements of asset-specific strategic plans or valuation analyses.

Representative engagements have included:

- Managing assessments of the NYPOOL and NEPOOL markets for electric generators considering entering these markets or restructuring their long-term contracts to reflect current and forecast market conditions
- Assessment of the potential for the development and expansion of gas usage in Maine with the entry of the Maritimes and Northeast pipeline
- Assessment of natural gas supply and pipeline capacity availability in various regions of the U.S. (Texas, Washington, Georgia, Illinois, Virginia, Maryland, New York, Massachusetts, Maine) and in Colombia to support financings of electric generation projects

Regulatory Analysis and Ratemaking

Assisted utilities and governmental entities in North America and overseas in developing strategic responses to energy industry restructuring issues, including merchant function exit, open or third party access, and residual energy supply obligations. Specific services provided include: performing strategic review and development of merchant function exit strategies including analysis of provider of last resort obligations in natural gas markets; and proposing regulations and service requirements for the implementation of open/third party access in a vertically-integrated gas industry structure.

Representative engagements have included:

- Developing a blueprint for structuring and regulating the Philippine natural gas industry, including policies regarding ownership, entry conditions, rate and service regulation, and open/third party access provisions
- Researching and evaluating the financial and competitive impacts on regulated pipelines associated with opening bundled sales service to third party transportation service options for a European gas pipeline company
- Formulating an overhaul of California's regulatory policies to unbundle competitive from non-competitive services, provide access to utility delivery systems, permit the entry of competitive service providers, and rationalize pricing regulation for the gas industry
- Participating in the development and integrating a multi-jurisdictional regulatory strategy into the overall design and implementation of a utility generation divestiture assignment

Litigation Support and Expert Testimony

Provided support of litigation in various regulatory and administrative proceedings on a variety of energy and economic issues including wholesale gas contract arbitration, and pipeline restructuring cases. Services provided also included collaborating with counsel, business and technical staff to develop litigation strategies, directing research and developing analysis to support strategies, preparing and reviewing discovery and briefing materials, preparing presentation materials, and participating in technical sessions with regulators and intervenors.

Representative engagements have included:

- Managing the development of all analysis to support expert witness testimony in several North American gas supply contract arbitration cases
- Directing research and discovery related to supporting expert witness testimony in several pipeline gas supply cost prudence cases

PROFESSIONAL HISTORY

Commonwealth Energy Advisors, Inc. (2002 - Present)
Vice President

Navigant Consulting, Inc. (1997 - 2002)
Director (1999-2002)

REED Consulting Group (1996 - 1999)
Vice President (1999)
Assistant Vice President (1996 - 1999)

Benjamin Schlesinger and Associates (1988 - 1996)
Principal

California Public Utilities Commission (1984 - 1987)
Advisor to Commissioner
Regulatory Analyst

EDUCATION

M.P.P., John F. Kennedy School of Government, Harvard University, 1984
B.A., Dartmouth College, 1980

PUBLICATIONS/PRESENTATIONS

Has made numerous presentations throughout the United States and other countries on several topics including:

- Generation asset divestiture
 - Gas contracting/procurement
 - Cost-of-service ratemaking for gas pipelines and distribution companies
-

AVAILABLE UPON REQUEST

Extensive client and project listings, and specific references.

Tara L. Nolan
Assistant Vice President

Ms. Nolan is an economic and management consultant with a background in asset divestiture, electric and gas contract negotiations, competitive bidding, project development, marketing and economic forecasting.

REPRESENTATIVE PROJECT EXPERIENCE

Acquisition and Divestiture

Participated in acquisitions and divestitures of both fossil and nuclear assets as well as power purchase and tolling agreements, assisted in developing and defining terms of sale and offering memorandum, developed and managed marketing efforts including targeting potential buyers, drafting early interest letters and confidentiality agreements, developing requirements for bidder qualification, negotiated managed communications efforts, worked with bidders as bidder representative, participated in evaluating bids.

Projects include:

- RG&E Sale of Ginna Nuclear Facility
- Conectiv Fossil Asset Sale
- LIPA Acquisition of PPAs
- California DWR Power Contract Negotiations for Peaking Power and Tolling Contracts
- Nine Mile Nuclear Asset Sale
- Sithe Independent Tolling Contract and TCC Auction
- NSTAR PPA Auction
- Central Hudson Fossil Asset Sale
- Conectiv Fossil and Nuclear Asset Sale

Financial Analysis

Developed production cost models for Northeast energy market, model costs and performed due diligence review of all fuel supply and transportation contracts for tolling arrangements for independent power producers on behalf of lenders, developed models for comparative analysis of various fuel contracting options for both utilities and independent power projects, assessed regulatory issues and risks, built pro formas for power projects, and assisted in developing models for evaluations of RFP respondents for various utilities. Support research and analysis on cost of capital for utilities.

Contract Negotiations/Competitive Bidding

Negotiated electric power purchase contracts for LIPA and state of California, negotiated contracts on behalf of industrials, steam hosts and utilities for the purchase of natural gas and transportation contracts with pipelines, local distributions companies and thermal output. Coordinated contracting efforts of independent power projects for fuel procurement and acquisition of transportation capacity in keeping with financing requirements.

Prepared RFPs for electric utilities and evaluated bids and negotiated contracts with short-listed bidders. Prepared gas supply portions of power sales proposals to electric utilities, reviewed and

evaluated cogeneration proposals for host facilities, and negotiated power sales contracts with electricity purchasers.

Litigation Support:

Supported development of expert testimony in various gas supply arbitrations, pipeline construction and sale litigation, electric transmission right of way cost litigation. Active in various roles including project management, development of data requests, expert reports, written testimony and quantitative analysis of various positions.

Regulatory

Developed legal positions in various federal and state proceedings. Participated in interstate pipeline rate cases at the Federal Energy Regulatory Commission and local distribution company transportation proceedings before state regulatory bodies in Massachusetts and Rhode Island. Managed client accounts for regulatory proceedings, and assisted in drafting briefs defining positions on rates.

Forecasting

Developed economic forecasts based on client load characteristics, location, historic trends, including rate impact analysis of current and pending regulatory changes in the natural gas and electric industries.

Marketing

Researched market drivers, developed and executed marketing plans, managed advertising and public relations, managed the development of new collateral, developed alliance relationships with target partners, and researched potential vertical markets and alliance partners.

PROFESSIONAL HISTORY

Commonwealth Energy Advisors, Inc. (2002 - Present)
Assistant Vice President

Navigant Consulting, Inc. (1998 - 2002)
Senior Engagement Manager

ASA International (1996-1998)
Manager, Marketing

New England Energy Exchange, Inc (1985-1996)
Vice President

EDUCATION

BA, Wheaton College, Norton, Massachusetts, 1985

Tobias Bishop **Project Manager**

Mr. Bishop has over seven years of management and economic consulting experience in the energy industry. Mr. Bishop has a broad range of experience, including merger and acquisition due diligence, asset valuation, market assessment, and regulatory representation and litigation support. Mr. Bishop has extensive regulatory experience on both electric and natural gas issues, including state and federal rate case proceedings, asset purchase and sales transactions, regulatory strategy and policy formulation. In addition, Mr. Bishop has substantial experience assisting clients with market-power related issues, including competitive concerns related to approvals of mergers and acquisitions and market-based rate applications before the Federal Energy Regulatory Commission (FERC) and state utility commissions.

REPRESENTATIVE PROJECT EXPERIENCE

Market Assessment

Retained by numerous leading domestic and international energy companies to manage or provide assessments of energy markets throughout the US. Such assessments have included evaluation of electric and natural gas supply issues, development of electric and natural gas price forecasts, analysis of gas commodity price trends, assessment of existing and projected natural gas and electric transmission infrastructure, market structure, regulatory issues, and assessment of competitive position. Market assessment engagements typically have been used as integral elements of asset-specific strategic plans or valuation analyses. Many of the projects have been supported by the filing of expert reports with the FERC, the National Energy Board (NEB), and state regulatory agencies.

Representative engagements have included:

- Preparing a demand analysis of the current and projected natural gas market in Florida for AES Corporation's proposed Ocean Express Pipeline. The independent report which was filed at FERC addressed the demand for natural gas by both the growing electric generation and traditional LDC markets;
- Preparing a detailed analysis and report for a large Midwestern utility seeking to develop and/or purchase unregulated generation in PJM, ECAR, MAIN, MAPP and SPP. For each market, the project included an evaluation of the significant economic drivers, including projected forward prices, potential competitors, and primary regulatory and transmission issues;
- Conducting detailed market assessments of the New England and New York electric and natural gas markets for various clients interested in potential development;
- Providing a natural gas demand assessment for Maritimes and Northeast Pipeline's proposed Phase IV expansion project. The project included an evaluation of the proposed demand in the Atlantic Canada, New England and metropolitan New York City markets and the projected supply and take-away capacity of proposed pipelines. A detailed independent report was filed at the NEB and was supported by oral testimony.

Mergers, Acquisitions and Divestiture.

Provided project management and assistance to numerous leading energy companies relating to the strategic evaluation, purchase, sale or development of a variety of regulated and non-regulated energy

projects. Specific services have included: conducting due diligence on electric and natural gas assets for prospective purchasers; evaluating potential synergies associated with mergers and acquisitions; assisting in the development and implementation of asset divestiture programs; analyzing and drafting of expert testimony/reports in conjunction with merger approval and litigation.

Representative engagements have included:

- Potomac Electric Power generation asset divestiture;
- Boston Edison generation asset divestiture;
- GPU generation asset divestiture;
- Preparation of testimony regarding the operational and competitive synergies associated with the AEP/CSW merger;
- Preparation of expert reports on behalf of Consolidated Edison in its ongoing litigation against regarding its failed merger with Northeast Utilities.
- Confidential buy-side valuation and assessment of a regulated combination electric and natural gas utility in the Northeastern US;
- Confidential buy-side valuation and assessment of a regulated combination electric and natural gas utility in New York;
- In-depth due-diligence of the legislative and regulatory environments in New England for a confidential client seeking acquisition candidates.

Valuation

Significant experience utilizing various valuation methodologies to value generation assets for strategic planning, tax, financing and other purposes. Methodologies utilized have included discounted cash flow, comparable sales, replacement and reproduction cost. Have prepared expert reports, testimony and certifications for use before federal and state regulatory proceedings, taxing authorities, financial institutions and boards of directors.

Representative engagements have included:

- Valuation of Northern Indiana Public Service Company's generation, transmission and distribution assets for its most recent electric rate proceeding;
- Valuation of certain FirstEnergy generation facilities for the release of a bond indenture;
- Comparable sales analysis for the sale of Conectiv's nuclear generation;
- Various valuations of electric generation assets for energy companies' internal strategic purposes.

Regulatory Representation/Litigation Support

Extensive experience in the research, analysis and preparation of expert testimony, reports, affidavits and other filings in over 50 administrative and civil proceedings on a wide range of energy and economic issues. Clients in these matters have included natural gas distribution companies, natural gas pipelines, natural gas producers, electric utilities, and independent energy project developers. Testimony has focused on issues ranging from broad regulatory and economic policy, valuation for damages assessment, and management prudence, to virtually all elements of the utility ratemaking process, including cost of service, cost allocation, rate design, and cost of capital.

Representative engagements have included:

- Providing ongoing regulatory oversight and litigation support to the Northern Distributor Group, a group of 13 local distribution companies (LDCs) in the Midwest served by Northern Natural Gas Company in FERC rate, certificate, and other regulatory matters. Included drafting testimony, comments, interventions and various other regulatory filings to be filed with the FERC;
- Drafting testimony on behalf of various clients seeking regulatory approvals for purchasing regulated electric generation and generation-related assets;
- Assisting the Wisconsin Distributor Group, a group of LDCs in Wisconsin, with a variety of cost allocation and rate design matters before the FERC regarding ANR Pipeline and Viking Gas Transmission;
- Assisting Public Service Company of New Mexico with developing and implementing purchased gas pricing alternatives for its firm gas customers. Prepared financial model to review potential hedging and pricing strategies and drafted testimony filed with New Mexico Public Service Commission;
- Assisting Pacific Gas and Electric to draft a portion of its universal settlement proposal filed with the California Public Utilities Commission designed to unbundle the state's natural gas industry and resolve numerous outstanding regulatory issues.

Market Power Analysis

Retained by numerous leading North American energy companies to prepare independent market power analyses in association with proposed mergers and/or market-based rate applications. Market power analyses have covered both electric and natural gas issues, including before the Federal Energy Regulatory Commission..

Representative engagements have included:

- Preparing an in-depth market power analyses for the Delmarva Power & Light/Atlantic City Electric and Boston Edison Company/COMEnergy mergers;
- Preparing a market power analysis for KeySpan Energy's market-based rate application as part of its purchase of the Ravenswood Generating Station from Consolidated Edison. Also, advised KeySpan with regard to the market power analysis filed jointly by KeySpan and ConEd for approval of the divestiture of the Ravenswood facility.
- Preparing separate market power analyses for (i) Boston Edison Company; (ii) Polsky Energy; (iii) Onondaga Power; and (iv) GPU International, for filing with the FERC for authorization to sell capacity and energy at market-based rates.
- Preparing a market power analysis for Greyhawk Gas Storage Company's market-based rate application.

PROFESSIONAL HISTORY

Commonwealth Energy Advisors, Inc. (2002 - Present)
Project Manager

Navigant Consulting, Inc. (1995 - 2002)
Senior Engagement Manager
Senior Consultant
Consultant
Assistant Consultant

Fleet National Bank (1993 - 1995)
Financial Analyst - Commercial Real Estate

EDUCATION

B.A., Economics and Geography, Colgate University, 1992.

Caroline O'Neill
Senior Consultant

An analyst with strong writing, analytical, management and policy experience in the energy industry. Experience in corporate and asset-based transactions, regulatory analysis, cost of service analysis, due diligence analyses, energy market assessment, business unit valuation, and business unit strategy.

REPRESENTATIVE PROJECT EXPERIENCE

Generation Divestiture

Assisted clients in implementing generation divestiture programs. Helped develop Offering Memoranda, Virtual Site Tours and Documentation CD-ROMs for potential owners. Assisted with system separation and asset boundaries issues. Provided documentation, detailed due diligence, and marketing support. Participated in site tour development, training and implementation. Worked on the final bid evaluation for an electric utilities generation assets. In addition to generation asset divestiture, worked with an energy company to sell their wholesale and retail energy marketing affiliate and their energy services and distributed power divisions. Assisted generation asset developer in selling a development power project in New England.

Cost of Service Study

Experienced in running Cost of Service model for numerous gas and electric utilities regulatory rate case filings, (excel and lotus 123 models). Conducted allocation studies to assign expenses to the correct customer classes. Assisted in answering interrogatories related to the regulatory rate cases. Worked with client to convert new accounting system output data to be compatible with Cost of Service model.

Strategy

Assisted in the development of a generation strategy for an electric utility. Analyzed various NERC regions to identify potential market entry points. Evaluated potential competitors and alliance partners. Assisted in the development of gas and electric price forecasts. Developed a framework for the implementation of a risk management program.

Valuation

Analyzed and modeled numerous purchase power contracts of a New England gas and electric utility for a confidential due diligence project. Utilized decision analysis and discounted cash flow approaches to value generation assets for strategic planning purposes. Assisted generation buy-side client on financial due diligence including discounted cash flow analysis for several generation assets and synergies analysis for corporate business allocations.

Power Purchase Contract and SOS Solicitation

Prepared RFPs for electric utilities standard offer service obligations. Reviewed Power Purchase Agreements in order to write Offering Memoranda for electric utilities.

5.0 EXECUTION OF PROPOSAL

Form C – Execution of Proposal by Officer of Vendor follows.

RFP #695 - DEPRECIATION STUDIES

FORM C

EXECUTION OF PROPOSAL BY OFFICER OF VENDOR

Vendor represents that this proposal is its complete offering and includes all exceptions to this RFP. Vendor agrees that this proposal will be valid for a minimum period of 90 days from date of submittal. The last date for award to be made and meet the Company schedule is August 15, 2003.

Commonwealth Energy Advisors, Inc.

Vendor

By:

Robert B. Hevert *RBH*
Signature

Robert B. Hevert

Name

President

Title

a duly authorized representative of the Vendor

July 22, 2003

Date

6.0 OTHER INFORMATION

A more detailed description of CEA follows.



About Commonwealth Energy Advisors, Inc.

Commonwealth Energy Advisors, Inc. ("CEA") is a management consulting and economic advisory firm focused on the North American energy industry. Based in Marlborough, Massachusetts, and with offices in New York and Florida, CEA specializes in transaction-related financial advisory services, strategic market assessments, litigation and regulatory support, and ratemaking services.

As the energy industry continues to undergo unprecedented change, the environment in which market participants must operate is increasingly complex and uncertain. Yet change and complexity create significant opportunities for those able to identify, analyze and implement effective strategic options. CEA brings a unique perspective to this marketplace through our continuous interaction with a wide variety of market participants, the breadth and depth of our industry experience, and our rigorous and collaborative approach to analysis, transaction management, and strategic decision making.

With more than 150 years of combined industry experience, the firm's senior staff and Affiliates have held executive positions with management consulting firms, utility companies, regulatory agencies, competitive energy suppliers, and investment banks. They have a substantial and successful history of working as a team on a variety of issues for electric, gas and water clients across North America. It is this broad base of experience, combined with rigorous analysis and a highly collaborative approach to working with clients that enables CEA to deliver pragmatic strategic insights and implementable business solutions that achieve client objectives.

Our approach to client service is predicated on a simple proposition: *we will provide consulting and financial advisory services only when we believe that the value created will demonstrably exceed the amount of our fees.* Indeed, our entire business model has been developed with that fundamental principle in mind:

CEA's Philosophy and Business Model are based on the fundamental values of technical excellence, strict attention to client commitment, and delivery of high value services.

- Our service offerings include only those areas in which the firm's senior staff and Affiliates have significant, demonstrated experience and expertise;
- Senior professionals are actively involved throughout every client engagement;
- Our firm is entirely employee owned, and focuses on building long-term relationships with clients across the energy industry.

We believe that adherence to these fundamental principles of technical excellence and client commitment will create and sustain a mutually beneficial alignment of short and long-term interests between our clients and the firm.

Areas of Expertise

CEA's areas of expertise include:

- Transaction-Related Financial Advisory Services
- Strategic Market Assessments
- Litigation and Regulatory Support
- Ratemaking Services

Transaction-Related Financial Advisory Services

CEA's staff has significant experience in both the sell and buy-side of corporate and asset-based transactions. Our thorough understanding of industry fundamentals, together with our financial, technical, market, organization design, and regulatory expertise has enabled our staff to provide comprehensive sell-side, buy-side and M&A advisory services in many high-profile gas and electric industry transactions. Over the course of numerous engagements, CEA's staff has built a strong reputation for developing creative transaction structures, timely and objective advice, and conducting confidential due diligence reviews and negotiations that are comprehensive and customized to each transaction.

On the sell-side, the firm's staff has been among the industry leaders in the sale of fossil, hydro and nuclear generation assets, power purchase agreements, and energy marketing business units, developing and implementing transactions with an aggregate valuation in excess of \$20 billion. Because we exclusively focus on the energy industry, our marketing campaigns reflect our in depth understanding of industry issues and have been meticulously implemented to ensure successful transactions. We bring to this process an extensive network of prospective purchasers, the ability to manage complex, data intensive due diligence processes, extensive experience in the evaluation and negotiation of transaction terms, detailed knowledge of many technical areas (e.g., asset boundaries/asset separation, labor, negotiation, communications programs, environmental issues, transition contracts and terms of sale) and expertise in securing both corporate and regulatory approvals.

We also have considerable experience in development and negotiation of transition power agreements required to satisfy provider of last resort obligations, and have reviewed and assisted in the restructuring of numerous power purchase and tolling agreements. CEA's staff has worked with clients in structuring, marketing and negotiating solicitations for retail power supplies, and has developed sophisticated techniques to analyze and manage the risks associated with alternative supply portfolios.

On the buy-side, CEA's staff has substantial experience in performing due diligence reviews and valuation of assets and business units, including the identification and quantification of options embedded in both physical and contractual assets, and in negotiation transaction terms. CEA's staff has advised the prospective purchasers of wholesale trading business units, merchant generation assets, power purchase agreements, natural gas storage assets and natural gas pipelines.

In addition, CEA's staff has substantial experience performing comprehensive due diligence reviews and preparing expert reports regarding contracts and power projects on behalf of commercial banks and other lending institutions. CEA's extensive market, technical, and regulatory expertise, coupled with our financial capabilities and sophisticated modeling tools enable us to quickly assess risk and opportunities presented by energy projects and contracts.

Finally, CEA's staff has significant experience in identifying, structuring and valuing M&A transactions, including natural gas and electric distribution companies, natural gas pipelines, and wholesale energy marketing companies. Our comprehensive approach to corporate

M&A is based on our thorough understanding of industry fundamentals and players, combined with substantial financial, industry, organization design, and regulatory expertise.

Representative prior CEA clients or projects, which range in size from \$50 million to \$4 billion include:

- Energy marketing, services and related entities including the Niagara Mohawk sale of Niagara Mohawk Energy, energy service and distributed generation entities
- Non-regulated generation asset transactions including Central Hudson unregulated fossil generation assets, Sithe Energies various generation transactions
- Regulated fossil and/or hydroelectric generation asset divestitures including Conectiv, Central Hudson, Consolidated Edison, Niagara Mohawk, Potomac Electric Power Company GPU Eastern Utilities Associates and Boston Edison
- PPA transactions and standard offer solicitations on behalf of Niagara Mohawk and NSTAR
- Nuclear transactions including Central Hudson, Rochester Gas and Electric, New York State Electric & Gas, Niagara Mohawk sale of their combined interests in Nine Mile Point Units 1 and 2, Boston Edison's Pilgrim Nuclear sale, Conectiv's sale of its interests in Salem, Peach Bottom and Hope Creek, and the GPU Oyster Creek sale
- Various confidential buy-side and M&A engagements including natural gas and electric distribution companies, convergence merger, merchant generation, wholesale energy marketing companies, natural gas pipelines, and power purchase agreements
- Numerous Opinion Letters and Opinion Reports on behalf of energy developers and lending institutions including Iroquois Gas Transmission, Credit Lyonnais, Intercontinental Energy, and Cogentrix
- Long-term energy tolling arrangements including Sithe Energies Independence Station

Strategic Market Assessments

CEA works closely with clients to develop and evaluate strategic initiatives (including asset valuation) at both the corporate and business unit level. Our extensive experience in the energy markets, combined with our collaborative approach to organization design and our focus on rigorous quantitative analysis enables us to develop and deliver effective, actionable strategic planning initiatives. Rather than producing "boilerplate" reports, CEA works with clients to customize its analyses to effectively support decision-making, financing or regulatory processes. CEA's comprehensive assessments provide critical information and insight for both natural gas and electric markets, and typically serve as the basis for market entry or exit strategies, project feasibility studies, asset or business unit transactions, pricing analyses or regulatory filings. Specifically, the CEA staff has supported numerous clients in the development of competitive generation strategies, supply portfolio optimization studies, contract strategies and negotiations including power purchase agreements and tolling agreements, developing and implementing marketing strategies for new and existing assets.

Our staff has worked with clients in all segments of the gas, electric and water industries in assessing market dynamics (regional and national); analyzing competitive positions; identifying strategic alternatives and their attendant risks. Topics typically included in such studies are regulatory assessments, competitive assessments, expected demand, sources of supply, fuel supply assessment, and price forecasts. CEA staff has completed comprehensive assessments of the New York, New England, PJM, SERC, ECAR, MAPP, MAIN, and WSPP markets, as well as feasibility studies of certain proposed interstate natural

gas pipelines. In addition, our staff works with clients to assess their competitive positions and design business models/organization design strategies which best advantage the client. CEA also provides asset and business unit valuations and work with clients to identify strategic and tactical options to manage market and business unit risks. CEA employs several valuation approaches, including: Discounted Cash Flow Analysis, Options-Based Valuation Analysis (i.e., Real Options), Comparable Transactions Analysis, and Replacement Cost/Reproduction Cost Analysis.

CEA also assists clients in evaluating alternatives for acquiring fuel and power supplies, including transmission, transportation and storage capacity. The experience of our staff includes the assessment of firm and interruptible transportation and storage, standby supplies, short and long-term supply contracts, forward contracts, and options to develop optimal supply portfolios for regulated gas distribution companies, integrated electric utilities, industrial energy consumers, competitive generation companies, and municipal utility departments. Examples include:

- Assessed firm and interruptible transportation and storage, standby supplies, short and long-term supply contracts, forward contracts
- Evaluated options to develop optimal supply portfolios for regulated gas distribution companies, integrated electric utilities, industrial energy consumers, competitive generation companies, and municipal utility departments
- Developed and negotiated transition power agreements to satisfy provider of last resort obligations and has reviewed and assisted in the restructuring of numerous power purchase and tolling agreements
- Worked with clients to structure, market and negotiate solicitations for retail power supplies and has developed sophisticated techniques to analyze and manage the risks associated with alternative supply portfolios

Litigation and Regulatory Support

CEA offers a full range of litigation and regulatory support services including expert testimony, regulatory and litigation strategy development, case management, and settlement negotiations support. Collectively, CEA's staff has testified on a wide variety of energy policy, economic, financial, ratemaking, and transaction-related issues on more than 250 occasions before the Federal Energy Regulatory Committee (FERC), the National Energy Board of Canada (NEB), American Arbitration Association and ICA, more than 30 state utility regulatory agencies, numerous state district courts, the SEC, state bankruptcy courts, as well as other adjudicatory bodies. Members of the CEA staff have provided expert testimony and support on behalf of electric and natural gas distribution utilities, integrated utilities, municipal utilities, competitive generation companies, wholesale energy marketers, retail energy marketers, natural gas pipelines, electric transmission companies and regional transmission organizations, banks, financial institutions, law firms, and industry associations.

CEA staff members have provided testimony and/or support on issues ranging from broad regulatory and economic policy to specific transactions and detailed element of utility ratemaking. In this capacity, the staff has worked closely with corporate legal counsel, outside attorneys, and various corporate department (e.g., rate, regulatory, supply planning) to manage or assist in the development of litigation and regulatory strategies, overall case management including preparation and review of discovery, evaluate settlement options, and present or support expert testimony. Specific examples include:

- Industry restructuring including overall regulatory policy, specific aspects of market structure, standards of conduct, service unbundling, merchant function exit strategies, provider of last resort obligations, new service offerings, and stranded cost assessment and recovery

- Specific transactions including Niagara Mohawk's proposed outsourcing of its power purchase agreements and solicitation to secure standard offer load, sale of Nine Mile Point Units 1 and 2 by joint owners (Central Hudson, NYSEG, Niagara Mohawk, Rochester Gas and Electric), Central Hudson's fossil generation divestiture, Boston Edison's fossil and nuclear transactions, among others
- Numerous contract-related matters including energy contract interpretation and fuel procurement strategies
- Corporate restructuring including the formation of holding companies and corporate mergers and acquisitions
- Electric and natural gas project development including new entry/certificates of public convenience and necessity and market power
- Compliance with regulatory requirements such as forecasting, management prudence, purchasing practices
- Expert opinions and reports in various litigation forums and issues such as bankruptcy, breach of contract, breach of fiduciary responsibilities, good faith and fair dealing, punitive damages, quantification of damages, and torts
- A wide spectrum of traditional and incentive-based rate-related issues. See description of Ratemaking services, below

Ratemaking Services

The CEA staff provides specific ratemaking support and regulatory analysis at both the federal and state levels. Collectively, CEA's staff has testified in more than 100 rate-related proceedings in a wide variety of forums including state utility commissions, the FERC, and the NEB. CEA's staff has supported the ratemaking efforts of natural gas distribution companies, electric distribution companies, integrated utilities, municipal utilities, investor and municipally owned water companies, natural gas pipelines, wholesale and retail energy marketers, and law firms in more than 30 jurisdictions. CEA's ratemaking services include both back office support (e.g., model development and maintenance, rate department management outsourcing) as well as all aspects of rate-related regulatory and litigation support (e.g., expert testimony, case management, settlement support).

The CEA staff has extensive experience in virtually all aspects of traditional ratemaking: cost of service studies, marginal cost studies and pricing, rate design, tariff design, cost of capital, attrition of earnings, management prudence, rate base (including the fair value of rate base assets), revenue requirements, management prudence, and depreciation studies.

The CEA staff has substantial experience providing assistance in the development and evaluation of innovative rate proposals and restructuring-related rate initiatives: service unbundling, stranded cost determination, mitigation and recovery, merchant function exit and associated services (e.g., default service, provider of last resort service), market-based rates, gas cost recovery/incentive mechanisms, performance based rates including caps, sharing, benchmarking and targeted incentives, and rate forecasting and backcasting.

The CEA staff has also provided significant ratemaking support surrounding corporate restructurings including corporate organization, and expected synergies resulting from proposed mergers for gas, electric, water and wastewater utilities.

Market Segments Served

Our depth of experience and expertise, together with our client and value-focused philosophy has enabled CEA's staff and Affiliates to deliver high value, cost effective

Robert B. Hevert, President, is an economic and financial consultant with broad experience in the energy industry. He has an extensive background in the areas of corporate strategic planning, energy market assessment, corporate finance, mergers and acquisitions, asset-based transactions, asset and business unit valuation, market entry strategies, strategic alliances, and project development. Mr. Hevert has provided expert testimony on strategic, financial and economic matters before several regulatory agencies. He previously has served in managerial and executive positions for natural gas distribution and telecommunications companies, as a Managing Director of Navigant Consulting, Inc. and as a Vice President of Reed Consulting Group. Mr. Hevert is a Chartered Financial Analyst, a graduate of the University of Delaware and holds an MBA from the University of Massachusetts, Amherst.

Malcolm R. Ketchum, Vice President, has more than 25 years of management and regulatory economics experience. He has an extensive background in ratemaking and regulatory analysis, energy market assessment, resource procurement and contracting analysis, and strategic planning. As an economics, regulatory, financial, and policy witness, Mr. Ketchum has appeared on more than 100 occasions in Federal, State and Local regulatory and judicial proceedings in the U. S. and Canada. Mr. Ketchum has served as an advisor to many North American energy companies, regulators, and municipal utilities with policy, contractual, organizational, valuation, and strategic matters during his career as a regulator, utility officer, and management consulting company executive. Mr. Ketchum is the former Executive Vice President at Reed Consulting Group and Navigant Consulting, Inc. Prior to joining Reed Consulting Group as a Principal and member of the executive team, Mr. Ketchum was a Vice President at a major gas distribution company.

Nicholas W. Mattia, Jr., Esq., Vice President, is a management and financial consultant with over thirty years experience in all aspects of the energy and utility industries. During this period Mr. Mattia served for eight years as Counsel and Administrative Law Judge for the New Jersey Board of Public Utilities. He later held the position of General Counsel for New Jersey Resources Corporation and its affiliate New Jersey Natural Gas Company, where he served as the company's management representative on a number of domestic and international projects, including the development and construction of the Iroquois Pipeline system and its related supply projects. He has also managed the start-up and day-to-day operations of several retail energy marketing and services companies prior to joining the Reed Consulting Group as a Vice President in 1998. At Reed, Mr. Mattia was principally responsible for managing the firm's transaction practice related to nuclear acquisitions on behalf of its' clients. In addition, Mr. Mattia has extensive experience in regulatory affairs and analysis, asset transaction support services, energy marketing and strategic planning. He is a 1969 graduate of Boston College with an A.B. degree in Economics and received a J.D. degree from Seton Hall School of Law in 1973.

Lisa M. Quilici, Vice President, has more than a dozen years of analytical, policy and management experience in the energy industry. She has extensive experience in corporate and asset-based transactions including both buy and sell-side engagements, regulatory analysis, policy development, incentive and traditional ratemaking, due diligence analyses, energy market assessment, business unit strategy, and the implementation of workforce and communication programs. Ms. Quilici has developed divestiture programs for nuclear, fossil and hydroelectric generation asset and non-regulated energy marketing and energy services affiliates. These transactions have an aggregate valuation in excess of \$10 billion for clients throughout the country. Ms. Quilici has provided expert testimony regarding transaction and ratemaking matters before state utility commissions. She has previously served in managerial and executive positions for a regulatory commission and for major energy consulting firms, acting as an assistant director of the Massachusetts Department of

Telecommunications and Energy, a Vice President of Reed Consulting Group, and, most recently, a Managing Director of Navigant Consulting, Inc. Ms. Quilici is a graduate of Purdue University and was awarded an MBA from Northeastern University.

John C. Slocum, Vice President, is a management, economic and financial consultant with more than 15 years of experience in the energy industry. He has an extensive background in project finance and asset purchase transactions, having participated in dozens of electric generation project financings and in the development and implementation of both regulated and unregulated fossil and renewable generation asset and power purchase agreement sales transactions with an aggregate valuation in excess of \$4 billion. Mr. Slocum's comprehensive experience includes regulatory policy formulation and implementation, cost of service-based ratemaking, litigation support, strategic planning, energy market assessment, and energy sector contracting and procurement practices. He has provided management seminars and presentations on topics that include wholesale gas and power contracting, energy industry restructuring, and various energy industry transactions. Mr. Slocum has served in managerial and executive positions at Navigant Consulting, Inc., Reed Consulting Group, Benjamin Schlesinger and Associates, and the California Public Utilities Commission, and is a graduate of Dartmouth College and the John F. Kennedy School of Government, Harvard University.

James M. Stephens, Vice President, is an economic and business consultant with broad energy industry experience. He has an extensive background in the areas of energy market assessment, resource procurement, mergers and acquisitions, asset-based transactions, asset and business unit valuation, market entry strategies, and strategic alliances. As President of a start-up retail energy marketing company, Mr. Stephens was responsible for growing a start-up business to an on-going concern, business unit financial performance, developing and executing all business unit strategy and supporting regulatory initiatives and proceedings. Mr. Stephens has also served in managerial and executive positions at Navigant Consulting, Inc., Providence Energy Corporation, Reed Consulting Group, Colonial Gas Company, and Boston Gas Company. In addition, he has provided testimony before several regulatory agencies. Mr. Stephens has an MBA in Operations Management and a Bachelor of Science degree in management from Bentley College, Waltham, MA.

Tara L. Nolan, Assistant Vice President, is an economic and management consultant with 15 years of experience in the energy industry. Ms. Nolan has been involved in all aspects of divestiture and acquisition transactions for both fossil and nuclear assets, including strategic options review, asset valuation, regulatory review, and transaction support efforts. Ms. Nolan has substantial experience in developing, marketing and completing competitive processes for the procurement of gas supply and electricity, as well as negotiations for gas supply and pipeline transportation agreements, power purchase agreements and tolling contracts, most recently for the State of California. Additionally, Ms. Nolan has been active in rate cases and other regulatory proceedings at both the state and federal levels. Ms. Nolan has served as Senior Engagement Manager for Navigant Consulting, Inc. and Vice President of New England Energy Exchange and is a graduate of Wheaton College.

Tobias Bishop, Project Manager, has over 7 years of management and economic consulting experience in the energy industry. Mr. Bishop has a broad range of experience, including merger and acquisition due diligence, asset valuation, market assessment, and regulatory representation and litigation support. Mr. Bishop has extensive regulatory experience on both electric and natural gas issues, including state and federal rate case proceedings, divestiture transactions, regulatory strategy and policy formulation. In addition, Mr. Bishop has substantial experience assisting clients with market-power related issues, including competitive concerns related to approvals of mergers and acquisitions and market-based rate

James A. Doering, Executive Advisor, has over 22 years of experience in the federal regulation of natural gas and oil pipeline rates and tariffs and the analysis of natural gas issues. His areas of expertise include tariff and operational issues, regulatory applications, service terms and conditions, rate design, and expert testimony and/or settlement of contested issues. Mr. Doering has comprehensive knowledge of natural gas transmission regulation, experience in all aspects of ratemaking, and has testified in a number of FERC cases regarding costs and rate design. Mr. Doering has represented clients on more than 19 pipeline companies and two major pipeline projects in the United States and Canada, covering issues as diverse as market analysis, roll-in of project costs, producer refunds, and imbalance cash-outs and penalties. He has also worked with gas distribution and electric companies in the United States and Canada on various regulatory and rate issues. Mr. Doering was previously a Principal with Navigant Consulting Inc. (NCI). He received a B.B.A. in Accounting from the University of Texas at El Paso, has CFO level financial management experience, and is a certified public accountant.

John E. Higgins, Jr., Executive Advisor, is a management consultant with 15 years of experience in the energy industry. Mr. Higgins specializes in energy industry restructuring issues and the analysis of competitive energy markets. He has extensive experience in market design issues, advising clients on specific energy market issues, representing clients at various NEPOOL committee meetings, and working with ISO-NE staff to resolve specific client concerns. Mr. Higgins has a significant amount of experience in assessing energy markets, preparing price forecasts, and performing asset valuations. He has been involved in numerous projects with a focus on market structure, rules and fundamentals, price forecast issues, and quantifying and enhancing project and portfolio revenue. Mr. Higgins has also managed numerous competitive procurement processes for the purchase or sale of either commodity or other energy services. Most recently he has served as an independent evaluator for a utility's standard offer and default service solicitation processes. Prior to joining CEA, Mr. Higgins served in senior consulting positions at Navigant Consulting and Reed Consulting Group, and as a generation planning engineer at Central Vermont Public Service Corp. He received a B.S. in Electrical Engineering from Northeastern University.

William R. Hopkins, Executive Advisor, is an expert in utility pricing, costing and regulation matters, with over 30 years of experience and expert testimony before regulatory bodies. Mr. Hopkins specializes in national and international gas, electric and water utility tariff designs; including rate case preparation, pricing design, incentives, cost of service studies, special contracts, tariff terms and conditions and regulatory issues. Mr. Hopkins has testified as a utility pricing expert in over 15 jurisdictions in the U.S. and Canada, and has lead utility pricing and regulatory reform projects internationally in South America, the Caribbean, Central America, Africa, and China. His consulting expertise also includes consulting experience with utilities in the forecasting of operating results, economic analyses of investment alternatives, load research, market surveys and valuation studies. He has extensive experience in the leadership of consulting teams on large client projects. Prior to joining CEA, Mr. Hopkins served as Director at Navigant Consulting, Inc. and led the utility rate and regulatory consulting activities of Stone & Webster for over twenty years. He received a B.S. in Mechanical Engineering from Worcester Polytechnic Institute.

John P. Kelly, Executive Advisor, is a valuation consultant with over 35 years of experience conducting valuations of public utility and industrial properties for ratemaking, purchase and sale considerations, ad valorem tax assessments, accounting and financial purposes. He has broad international experience, having provided valuation and appraisal services in India, Brazil, Canada, Peru, New Zealand, Barbados, and Venezuela. He has provided expert testimony before utility commissions, federal and state courts, and administrative bodies on

more than 45 occasions. In addition to his valuation experience, he has also been appointed and approved to prepare independent engineer's certificates relative to valuation matters by numerous utility companies, trustees, and banks. He was Vice President of Stone & Webster Management Consultants, Inc., Director of Stone & Webster's Appraisal Division, and more recently a Director of Navigant Consulting, Inc. Mr. Kelly is a Certified Appraiser in several states, a Registered Professional Engineer, and a graduate of Northeastern University.

William D. Patterson, Executive Advisor, is a financial professional with more than twenty years of experience in the energy and utilities industry. In addition to his affiliation with CEA, Mr. Patterson is founder and President of EnSTAR Management Corporation, an independent financial advisory firm specializing in the energy and utility industry. Mr. Patterson recently served as the Chief Financial Officer of Enermetrix, where he managed the company's financial and administrative operations, and actively participated with senior management and the board of directors in the planning and implementation of its strategic plan. Mr. Patterson also has over fifteen years of experience as an investment banker, including several years as the Managing Director and Manager of Smith Barney's Utilities Group. As a recognized expert in the area of energy and utility finance, Mr. Patterson has provided testimony regarding financial issues for several utilities, has spoken at numerous conferences, and is a published author in the area of utility deregulation. Mr. Patterson is a Summa Cum Laude graduate of Princeton University where he earned his BSE degree in Civil Engineering and holds an MBA from the University of Chicago Graduate School of Business.

Danielle Powers, Executive Advisor, is a management, financial, and economic consultant with 14 years of experience in the energy industry. She has an extensive background in generation asset sales and acquisitions, asset valuation, energy planning and procurement, market analysis, transmission interconnections, and power plant operations. Ms. Powers has been involved in and/or managed the sale of over 12,000 MW of fossil fueled generation and purchased power contracts. Specifically, her responsibilities in these transactions included strategic options review, asset valuation, energy market assessment, regulatory support, transition power sales, bid evaluation, and due diligence support. In addition, Ms. Powers has substantial experience in energy procurement and has assisted several clients in obtaining competitive electricity supply in the deregulated market. Most recently, Ms. Powers served as a Senior Engagement Manager for Navigant Consulting, Inc. Ms. Powers has a B.S. in Mechanical Engineering from the University of Massachusetts, Amherst and an M.B.A. from Bentley College.

J. Frank Russell, Executive Advisor, is a financial professional with 20 years of experience as an investment banker and consultant in the electric power and natural gas industries. Mr. Russell has advised companies in the US as well as in Europe in the areas of mergers and acquisitions, financial and corporate strategy, dividend policy, structured finance, corporate and project financing transactions, and several major European privatizations. He began his career with Bankers Trust Company and worked as both a commercial and investment banker to the power industry, including several years as manager of the bank's Western Energy Group. Following that, he worked in the investment banking group of Merrill Lynch & Co. in New York and London, where he headed the firm's European utility practice. He has most recently worked for Mercer Management Consulting in that firm's utilities consulting practice and as a sales executive for Enermetrix. Mr. Russell has BS in Electrical Engineering from Bucknell University and an MBA from the Harvard Business School.